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EGYPT

AGRICULTURE MINISTER OUTLINES PLANS, PRIORITIES

Cairo CAIRO TODAY in English Feb 86 pp 29, 30

[Interview with H.E. Dr Youssef Wally, Deputy Prime Minister, Secretary General of the National Democratic Party and Minister of Agriculture by G. H. Horn of CAIRO TODAY, date and place not given]

[Text] H.E. Dr. Youssef Wally holds three of the most important and difficult positions in Egypt. He is Deputy Prime Minister and Secretary General of the National Democratic Party. And he is the Minister of Agriculture, overseeing the feeding of Egypt's 50 million people. At the same time he wants to harness this country's vast agricultural potential and increase exportation of crops to help generate badly-needed foreign currency.

QUESTION: What are the agricultural priorities for the next 5 years? Will you concentrate on the expansion of the reclaimed lands or on improving productivity of existing lands?

DR. WALLY: We are concentrating on both, vertical expansion and horizontal expansion. As for the vertical expansion, we are injecting a system of non-traditional methods. This characterizes the administration of President Mubarak. This system is something new for Egypt. Mechanization used to be a substitute for the draft animals. But since the administration of Mubarak, it is a substitute for human beings. So we have the planters, the threshers, the harvesters. Another non-traditional method is using plasticulture, greenhouses of plastic. We will use drip irrigation within the greenhouses. Each one is 50 square meters, and the production of each is equal to that of, say, one acre. We are cultivating about 1.2 million acres for vegetables, and by this move, we can decrease the acreage of vegetables and cultivate other crops where we have a gap, like lentils and other winter crops, and at the same time increase the production vertically of vegetables. And we will also move these greenhouses to the new reclaimed areas.

QUESTION: How much funding are you seeking in the next five year plan for agricultural development, for both research and development and for reclamation?

DR WALLY: For research we have the good fortune of a grant from the United States of America of \$130 million for 5 years, and we have the component from the Egyptian side which we are now negotiating with the Ministry of Planning to allocate as a special fund. For the future we are looking for something for the credit line for the small farmer, and we are negotiating for the same amount for this fund.

QUESTION: How much funding for agriculture would you like to get from the Egyptian government?

DR WALLY: This is very limited. For the 5 year plan we are not shooting for a lot of money from the government, and this is true for the second 5-year plan. Because, as you know, agriculture is 96 percent private sector. We are looking for more privatization, so we are seeking money from the private sector, not from the government. I'm a believer that this sector is for the private sector.

Q: Are you looking to change the structure of marketing of agricultural products, the quota system and the prices paid to farmers? Are you looking basically to increase the incentives for farmers' productivity?

Dr. Wally: We are already increasing that within the administration of President Mubarak. It is well known that he is a leader who is highly interested in agriculture. If you look to the administration of Nasser, he was much in favor of nationalization of the economy, the Suez Canal, industry and land reclamation. For Sadat, it was leaning toward petroleum and toward the open door policy. For Mubarak, he is looking equally toward all the sectors, but with a special reference to agriculture. It is one of the highlights of this administration. So we think that for the future there will be a lot of emphasis on agriculture. At the same time we are looking to get a better life for the farmers. That's why this administration will increase the prices, and we are not controlling the quotas strongly. For the farmer, we are looking to leave him some products to be within the free economy according to the supply and demand of the country.

In marketing, we are looking to stop the post-harvest loss, because we have a lot of loss. For fruits and vegetables and for all agricultural products it is reaching about one billion pounds a year. This is lost through spoilage, through bugs and rats, and many things.

Q: Is Egypt seeking to become self-sufficient in all foods, or would it rather import some foods and export ones where it has a comparative advantage?

Dr. Wally: Economically speaking, we are seeking to be self-sufficient, but on a commodity basis we are looking to be self-sufficient in certain crops, but not in wheat. So we will have a lot of agreements for wheat shipments from the United States, from Argentina, from Canada, and to have very strong ties with them for a long time. But at the same time we can export high-cash crops and import wheat. If you have an acre of citrus, out of the profit from this you can import seven acres worth of wheat. So we must export high-cash crops and import low-cash ones. It's a comparative advantage. It's like what's going on in neighboring countries like Israel and other countries. In Israel, they export about one billion dollars in high-cash crops. Egypt has the same potential, but there is no profit for us yet.

Q: A very important matter is the loss of arable lands to urbanization. What is being done to stop that?

Dr. Wally: It has stopped completely.

Q: What has been successful in stopping it?

Dr. Wally: In 1982 President Mubarak gave a speech to the People's Assembly saying that we must have a law for this. So a law was signed in August 1983 that said in two years there would be a prohibition on any building, any brick

factories, any elevation of soil. This law came into action in August 1985. At this time there is a complete stop. We are monitoring this severely. One person has permission for a brick factory. He has presented the documents. We have gotten rid of all his equipment. He is complaining. All the time we get telegrams and complaints in this office, and I just pass them on to the Assistant Minister of Interior, and his group goes there.

Q: So you think you will be able to monitor this program sufficiently?

Dr. Wally: We believe in Egypt that the people, when there is a law, they obey the law. It's not like any Arab countries or any neighboring countries. There every person is by himself a party. Egypt is a country that follows. When you have orders, you obey.

Q: What other steps are you taking to improve the productivity of the small, rural farmer?

Dr. Wally: It is by the proper management of getting a close relationship with the West, and with the East if they have something to offer. And to have lines for the transfer of technology from similar systems. I believe that Egypt is Mediterranean, California is Mediterranean, so is Chile, certain parts of Australia, New Zealand, Italy, Israel. We must exchange ideas between identical systems. Because some of these countries definitely are developed. California is more developed than us by 20 years, and if we have a relationship with the United States and California, we can shorten the time for our development. And we already have examples of that. We got new seeds from the University of California, and we have seen the production per acre of tomatoes increase three times by these

new varieties. We have the small strawberries in the Calubai area, and the production never exceeded one ton per acre. When we tried three varieties from California, we reached a production of not less than eight tons per acre. So we must be open-minded and be believers that there are developed countries, and we must absorb the technology from them. And there is no sensitivity from that.

Q: How will you improve the distribution of these products to decrease the spoilage?

Dr. Wally: Why the spoilage at post-harvest? Definitely there is room for that. Now we are committing strawberries to a limited acreage, 4,500 acres. This is too limited. But you can see on the street, even nowadays, that strawberries are very cheap. But at the same time we are not exporting a lot of them. We are exporting processed strawberries. Because to keep strawberries for a long time at high quality you must have cooling on the spot when you have just harvested the crop. From the harvesting area to the consumer it takes a lot of time. And we lose a lot of strawberries, same for tomatoes, for mandarins, dates, vegetables.

Q: Do you hope to develop cooling facilities in Egypt?

Dr. Wally: I hope. In the future, perhaps we can coordinate with other nations. If you look to our neighbor Israel, they have planes for exportation, they have areas in the ports for storage. We can coordinate that in the future. I am a believer that science and farming are international languages. And there is no sensitivity in this area about obtaining any information from any nation. □

/12851

CSO: 4500/92

EGYPT

PLAN TO FIGHT POLLUTION PROPOSED

Cairo THE EGYPTIAN GAZETTE in English 9 Feb 86 p 3

[Text]

EGYPT'S renaissance, which commenced at the beginning of the 19th century, is an important step into the modern era. However, it has been accompanied with certain problems associated with modern society, specifically, environmental pollution and a great deterioration in the conditions of the atmosphere and water sources of the country. This deterioration results from a change in lifestyle and the use of imported technology, together with its method of application. The problems are further exacerbated by the overpopulation of the Nile Valley, inadequate measures to deal with environmental pollutants and lack of decisive governmental measures to limit the emission of toxic substances.

The effects of environmental pollutants are obvious in the quality of the air and water in the urban and rural communities. The emission of toxic substances from the exhausts of motor vehicles and factories, especially in the major cities, has resulted in concentrated levels of carbon dioxide and smog. The highest rates of pollution are found in the Cairo area. Additionally, the uncontrolled use of insecticides and chemicals to combat agricultural pests, are contributing to the pollution of the water sources and the soil.

The effects of pollution have increased to such an extent as to effect a climatic change, due to the atmosphere's inability to absorb the high levels of carbon dioxide. The decrease in the water level of the High Dam Lake, after the drought experienced in certain African nations, is attributed to this factor.

The problems of environmental pollution can be solved through the combined efforts of concerned governmental agencies and the citizens. The relevant agencies should form an environmental protection

agency, which would be responsible for seriously analysing the present situation and the potential problems related to the deteriorating environment. It should determine satisfactory environmental standards for the air and water, promote the use of effective, natural alternative methods of pest control, in order to curtail the use of insecticides and chemicals, such as the use of ladybugs and lacewings, provide for the relocation of the industrial zones to areas outside the congested Nile Valley and agricultural areas, require the installation of smog control devices on all motor vehicles and increase the public's awareness of the hazardous effects of pollution, not only with respect to the environment, but also with respect to the health of the citizens. After these areas have been thoroughly studied, they should be set forth in a comprehensive programme, to be followed by all governorates in the country.

The agency should also establish a system of fines to be assessed against any businesses or individuals found to be in violation of any portion of its programme. The system should provide that the penalties increase in severity for repeat offenders, including, in the cases of factories, levying both a substantial fine and closing the factory until such time as the violations have been corrected.

In order to protect the health of the citizens, particularly those with respiratory ailments, the levels of pollution in the larger cities should be monitored and the levels included in the mass media's weather coverage. Furthermore, when the pollutants reach a dangerous level, warnings should be issued advising those citizens to remain indoors, motor vehicles should be used only if absolutely necessary and factories should be closed until the danger subsides.

The government's establishment of a concise, over-all programme to combat all forms of environmental pollution should be undertaken forthwith. The attention of both the government and the citizens to this serious hazard, together with implementing the necessary measures, will alleviate many aspects of this severe problem in a short period of time. However, it is important that controlling measures be initiated immediately, as, if pollution is allowed to continue unchecked, further damage to the environment and the health of the citizens will result.

LIBYA

COMMENTARY ON LIBYAN ANNOUNCEMENT RECRUITING FOR ARAB ARMY

Copenhagen BERLINGSKE TIDENDE in Danish 17 Feb 86 p 6

[Article by Helle Ravn Larsen: "Qadhdhafi Seeks Volunteers: In an Announcement in the Daily Newspaper INFORMATION, Libya's Revolutionary Leader, Mu'ammarr Al-Qadhdhafi, Solicits Volunteers For the Arab Libyan Army--the First People's Army"]

[Text] "If the contents of the announcement are genuine, then they should attract the attention of those agencies responsible for the state of intelligence in this country. What is behind the announcement should be explained."

So said Hagen Hagensen (Conservative), vice chairman of the justice committee, commenting on an announcement in the daily newspaper INFORMATION under the headline "Appeal to International Volunteers for the Arab Libyan Army."

The announcement says that the revolutionary leader Mu'ammarr Al-Qadhdhafi invites all volunteers to participate in the first People's Army. The invitation is directed particularly at people knowledgeable about the technology of air weapons, the navy and land combat forces. It goes on to say, among other things: "It is our duty as freedom-loving people and opponents of imperialism to win back our lost dignity, which for so long has been oppressed by dictatorship, facism and apartheid. These powers utilize all means in their attempt to oppress people and enslave them."

According to the announcement, all "heroes and freedom fighters from all over the world" are invited "to become officers, non-commissioned officers and soldiers in the People's Army. They will be on an equal footing with the Arab Libyan People and have the same rights and responsibilities."

Ritt Bjerregaard, vice chairman of the Social Democratic bloc in Parliament, said, "This is really ludicrous. No Dane would dream of enlisting. Qadhdhafi must have poor advisers when money is spent on such an announcement."

Furthermore it strikes Hagen Hagensen as peculiar that an attempt should be made with an announcement to recruit people for an action which might be punishable in Denmark. He is also astonished that there is no indication of where people can apply.

12789/12795
CSO: 3613/74

SUDAN

SUDANESE, CAR MINISTERS ADDRESS JOINT COMMITTEE

JN061041 Khartoum SUNA in English 0933 GMT 6 Feb 86

[Text] Khartoum, 6 February (SUNA)--Foreign Minister Ibrahim Taha Ayyub has reiterated Sudan's full support to the struggle of the peoples of South Africa and Palestine.

Addressing the inaugural session of the fourth meeting of the Joint Ministerial Committee of Sudan and Central Africa yesterday at the Friendship Hall, Ayyub said that the people of South Africa were undergoing terrible conditions due to the white minority regime's policy of oppression and racial discrimination.

The Palestinians are confronted with the Israeli suppression in the occupied territories and south Lebanon and with Israel's denial of the Palestinians right to a homeland.

Ayyub, who is also head of Sudan's side in the talks, said that Sudan was looking forward with admiration for the emergence of new era in Central Africa represented in the Military Committee for National Salvation and the achievements it realized for the interest of the people of Central Africa.

He indicated the Joint Ministerial Committee had laid down the required frameworks to realize commercial, customs and cultural exchange and opened channels of contact among officials of the two countries.

He added that the meeting in this session assured the political desire of the two countries for consultation and coordination in a bid to continue what has been achieved in the previous sessions.

Ayyub called for the necessity of taking practical steps for accelerating the implementation of agreements signed between the two countries in all fields expressing Sudan's willingness to broaden basis of bilateral cooperation in other fields like health and scientific cooperation.

He remarked that African debts till the end of 1985 reached 158 billion dollars and that less developed and the drought-hit countries in Africa were the most affected states by the imbalanced economic conditions and, he went on to say, Sudan and Central Africa were among them.

To face such a deteriorating economic situation, cooperation and coordination in the context of Lagos plan should be effected, he said.

Head of Central Africa side and state minister at the Interior Ministry emphasized that the two countries held identical viewpoints on African and international issues of mutual interest.

He expressed his country's worries over the suffering of the citizens of the two countries for the irresponsible behavior perpetrated by bandits on the common borders.

He added that the implementation of the agreement pertinent to combatting smuggling signed in Bangel last year would pave the way for joint plans to confront danger in the borders of the two countries.

On the other hand, Foreign Ministry Under Secretary Faruq 'Abd al-Rahman told SUNA that the Joint Committee would discuss during this meeting political, commercial, custom and economic issues as well as issues pertinent to combatting poaching and smuggling.

He added that the two sides would seek the possibility of strengthening cultural and sports bands.

The meeting will continue until Friday when the recommendations and decisions will be issued.

/12232

CSO: 4500/91

SUDAN

CHRISTIANS OBJECT TO EGYPTIAN REVISING SHARIA

JN131235 Khartoum SUNA in English 1018 GMT 13 Feb 86

[Text] Khartoum 13 February (SUNA)--The Sudanese Christian Association SCA has objected to the attorney general's invitation to Egyptian Moslem scholar Salah Abu Isma'il to come to Sudan and revise the Islamic Sharia laws imposed in Sudan September 1983. This invitation of the attorney general has given Abu Isma'il capacity to meet the TMC chairman and the premier, said the association Chairman 'Abdallah al-Najib. He said his association rejected to the entrusting of a non Sudanese to revise those laws. "We in Sudan are bound with the bonds of a unified Sudan and not those of religion as the latter differs from one person to another" he said.

This man Abu Isma'il is a member of the Egyptian Muslim Brotherhood Party and had triggered disputes between Moslems and Christians that were about to lead Egypt into religious feuding he said. The attorney general's invitation to a man with such tendencies is an alignment to a certain political group and would abort efforts of faithful citizens of this country to boost national unity and remove the differences caused by the September laws, he added.

He urged the TMC and the Council of Ministers to terminate the stay of Abu isma'il as his stay could lead to feuding and discord. Najib further reiterated his belief that the attorney general was aligned to a certain political party and urged him to resign and called the TMC and the Council of Ministers to select a neutral person for the post, he said the Egyptian WAFD Party had dismissed Shaykh Abu Isma'il from its ranks in order to maintain Egypt's national unity.

/12232

CSO: 4500/91

SUDAN

BRIEFS

USSR PROJECTS --Khartoum, 28 January (SUNA)--The chairman of the Soviet Economic Delegation currently holding talks with the officials here has voiced his country's readiness to resume work in the projects undertaken by the Soviet Union. In a statement to the Sudanese Communist Party "SCP" mouthpiece 'AL-MAYDAN' newspaper issued today the chairman explained that talks between the Soviet side and the Sudanese side are still on its first phases and they were overwhelmed by joint desire for reaching fruitful outcome. [Text] [Khartoum SUNA in English 0940 GMT 28 Jan 86 JN] /12232

REFUGEES AT 6 PERCENT--Khartoum, 3 February (SUNA)--The number of the Ugandan refugees in Southern Sudan amount to 250,000 persons, the Sudanese Commissioner for Refugees Hasan 'Atiyah told SUNA. About 600 new refugees entered the country on the heels of the recent events in this neighboring country, 'Atiyah said. Official figure of refugees in the country had been put at 1.3 million refugees about 6 percent of Sudan population of 22 million. The Ethiopian refugees are said to be more than 800,000 all most in eastern region while the Chadian refugees in western Sudan are said to be more than 150,000, there is a relative number of Zairean refugees in southern Sudan. [Text] [Khartoum SUNA in English 1017 GMT 3 Feb 86 JN] /12232

SPLA CLAIMS DOWNED HELICOPTER--Reports reaching Radio SPLA from Upper Nile have said that one government Army helicopter was shot down on 29 January 1986 at Machar Village along the canal site by the Sudanese People's Liberation Army [SPLA] forces of Battalion 104 and 105, under the command of Captain Peter Gat Kuoth. According to Radio SPLA correspondent in Upper Nile, the helicopter was among the three helicopters sent by Siwar al-Dhahab to rescue their forces in Malakal who have been under siege for the last 10 months. Correspondents said that the helipcoter was shot down by a machinegun as they were flying at low altitude to avoid SPLA antiaircraft guns. [Excerpts] [(Clandestine) Radio of the Sudanese People's Liberation Army in English 1300 GMT 4 Feb 86 EA] /12232

SPLA CLAIMS 'FRESH ATTROCITIES'--Siwar al-Dhahab's militia have committed fresh atrocities against the civilian population in war zone one. Radio SPLA correspondent attached to SPLA's Wolf Battalion had said that roving bands of government militia, largely Baqqarah tribesmen, have raided five villages in (Ilek) area, on the western bank of Na'am River, in western Upper Nile. According to our correspondent, the government militia recently attacked (Wadfak), (Bonyi), (Konkat), (Chiek) and (Riek) villages, killing a number of citizens and setting

about 800 dwellings on fire before making off with approximately 5,000 head of cattle and over 1,000 sheep and goats. [Text] [(Clandestine) Radio of the Sudanese People's Liberation Army in English 1300 GMT 8 Feb 86 EA] /12232

OFFICIAL APPEALS TO PARTIES--Khartoum, 9 February (SUNA)--Staff Major General Fadlallah Burmah Nasir, member of the Transitional Military Council, has appealed to political parties and functionaries to hand over all the arms they possess so that official organs will not be obliged to use legal methods to confiscate arms and bring those who possess them to justice. In a press statement today, Burmah expressed his conviction that the political parties will hand over the arms they possess as long as they have faith that the pillars of democracy are dialogue, logic, and guaranteeing the freedoms of belief, speech, and expression. His excellency said that the reasons for which the political parties and functionaries carried arms and trained to topple the defunct May regime were removed by the victory of the April uprising. [Text] [Khartoum SUNA in Arabic 1415 GMT 9 Feb 86 JN] /12232

SPLA RIDICULES PAPER'S CLAIM--The Sudanese People's Liberation Army-Sudanese People's Liberation Movement [SPLA-SPLM] spokesman has dismissed as totally groundless the allegations contained in today's issue of one of the newspapers in Khartoum saying that government forces had shot down an SPLA aircraft in Upper Nile. Brushing aside the claims as pure fiction, the spokesman pointed out that it was common knowledge that SPLA does not possess aircraft and that its troops move on foot, carrying their own logistics. We challenge the Transitional Military Council to provide a single shred of evidence to support this new story it has manufactured, the spokesman concluded. [Text] [(Clandestine) Radio of the Sudanese People's Liberation Army in English 1300 GMT 12 Feb 86 EA] /12232

SPLA RECRUITERS DISCOVERED--Khartoum, 12 February (SUNA)--A cell working in recruitment of personnel to the Sudanese People's Liberation Army "SPLA" was discovered in the country, the daily AL-SAHFAH issued here today reported. The defendant 'Umar 'Abdallah (Kodi), 24, who is facing accusations of undermining the constitution and waging war against the country has disclosed before a court that an element of the cell had persuaded him to join Garangs forces in condition that he would be dispatched to study abroad. (Kodi) who was turning testimony before the judge added that he was recruited by the cell element "Kolment" in Kadoglid "south of Kordofan." On the other hand, security authorities last month arrested 40 persons accusing them of trying to join "SPLA." [Text] [Khartoum SUNA in English 0925 GMT 12 Feb 86 JN] /12232

ATTORNEY GENERAL DEFENDS INVITATION--Khartoum, 13 February (SUNA)--Attorney General 'Umar 'Abd al-'Ati denounced suspicions raised by some quarters over the role of Egyptian Islamic scholars in revising Islamic penal code. 'Abd al-'Ati described what was stated in some papers about Egyptian scholar Salah Abu Isma'il as "untrue and based on unfounded facts which clearly indicates that such criticism was purposeful and has a definite aim." The attorney chamber, he added, has benefited a lot from consulting the Egyptian delegation through their spotting of mistakes included in the Islamic laws and (in hudud-legal punishments) in particular. He further denied any meeting between Abu Isma'il

and Islamic leader Dr Al Turabi, but Abu Isma'il, he added, paid courtesy calls on a number of political personalities including the followers of late Muhammad Taha. [Text] [Khartoum SUNA in English 1036 GMT 13 Feb 86 JN] /12232

MENA CHAIRMAN PLEDGES HELP--Khartoum, 13 February (SUNA)--THE MIDDLE EAST NEWS AGENCY (MENA) has promised to boost SUNA in all Aspects particularly in staff training, said MENA Board Chairman Mustafa Najib following a meeting with the TMC chairman yesterday. Najib, who is here at an invitation by SUNA, said his meeting with Siwar al-Dhahb had also tackled Sudanese-Egyptian relations in general. SUNA General Manager al-Tayyib Hajj 'Atiyah and the TMC press adviser Bashir Muhammad Sa'id have attended the meeting. [Text] [Khartoum SUNA in English 1038 GMT 13 Feb 86 JN] /12232

ISLAMIC JIHAD DISMISSED AS IMAGINARY--Khartoum, 15 Feb (SUNA)--AL-SAHAFAH reports in its issue today that the medical examinations made of the head of the Islamic Jihad Organization, who is the first defendant in the case regarding distribution of leaflets in which he threatened to assassinate party leaders, have proven that he is mentally deranged. The Khartoum prosecutor's office has completed its assessment of the evidence against the defendants in this case. After it has been proven that this organization is imaginary, the prosecutor's office will report to the attorney general on this case in order to make the necessary decision. A legal source has stated that the evidence shows that this organization is not related to Islamic Jihad organizations of other Arab countries. [Text] [Khartoum SUNA in Arabic 1027 GMT 15 Feb 86] /9604

CSO: 5600/4642

TUNISIA

ISLAMIC TENDENCY MOVEMENT COMMENTS ON POLITICAL, SOCIAL SITUATION

Tunis AL-RA'Y in Arabic 17 Jan 86 p 2

[Article: "Islamic Tendency: Parties Bill Has Not Risen to Level of Masses' Aspirations"]

[Text] After studying the situation in the country and the area, MTI [Islamic Tendency Movement] declares:

1. Its condemnation of the conditions surrounding the trial of Habib Achour and leading to his imprisonment and the imprisonment of a number of his brother unionists, asserting that these actions will only further complicate the union crisis because they go beyond the point of no return. Our movement is confident that this conduct in dealing with the UGTT and with the social and political forces is doomed to failure. Thus, it is necessary to release Habib Achour and all the detained unionists, to respect the independence of the popular organizations, and to issue a general legislative amnesty.

2. Its rejection of the arbitrary course followed in dealing with the educational establishment's situation, underlining its resentment with the acts of arrest, conscription, and pursuit that have taken place and continue to take place in the university arena in particular and the storming of a number of colleges, the latest being the Shari'a College, in a fashion greatly similar to what has been experienced by the union arena. These acts pose the threat of eroding the situation in a manner that threatens one of the country's most important accomplishments.

MTI calls for respecting the students' will to organize and for involving those concerned with the university's future, including professors, students, parents, and political parties, in searching for the ideal solution needed to reform higher education and scientific research. It also calls for abandoning suppression and abortive and rejected "solutions."

3. After perusing the basic bill on the political parties, MTI declares that the spirit of this bill does not rise to the level of the aspirations of the masses, who yearn for free and organized political action. The bill's articles (in their present condition) do not respond to the requirements of this phase. This is evident in the coercive and exclusionary nature of these articles which will make this bill produce the opposite of what is expected of it. Rather,

this bill represents a step backward, a codification of violence and exclusion, a confinement of citizenship to the Western-oriented organization, and an exclusion of the Arab- and Islam-oriented organization. This is something that is extremely dangerous to the country's future.

4. MTI asserts that its reservations on the Libyan regime's policies and actions cannot constitute an obstacle in the face of the principled adherence to the peoples' freedom and in the face of Islam's dictates that we support the Arab Muslim Libyan people against the oppressive international imperialist forces. Therefore, MTI condemns strongly the U.S. provocations against sisterly Libya and the economic blockade imposed on Libya with the obvious urging and instigation of the Zionist lobby. It urges all the Arab and Islamic peoples to support and unite with Libya in the face of neocolonialism.

5. MTI greets the Palestinian revolution on its 20th anniversary and hopes that the current difficulties being experienced by the blessed revolution will lead to correcting the course in a manner that restores to the rifle its role and to the Palestinian struggler in the occupied territory his capability because this is the soundest course for achieving our afflicted people's aspiration to liberate their land and regain their dignity. This aspiration cannot be served by discontinuation and despair, "and God is omnipotent but most people do not know."

Islamic Tendency Movement
Rached Ghannouchi
Tunis, 10 January 1986

8494/12790
GSO: 4504/175

TUNISIA

HUMAN RIGHTS DEFENSE LEAGUE OUTLINES VIOLATIONS

Tunis AL-RA'Y in Arabic 17 Jan 86 p 5

[Article: "Condition of Country's Liberties Causes Concern"]

[Text] The executive committee of the Tunisian League for the Defense of Human Rights held its monthly meeting on Friday, 10 January 1985 [presumably 1986].

We have learned from sources close to the executive committee that league members have expressed their grave concern over the development in the condition of the country's liberties, particularly over the union crisis and the incidents which have taken place in the institutes and universities and, generally, over the increase in the number of violations against liberties, especially the liberties of the opposition strugglers in the republic's various provinces.

The executive committee members also expressed their surprise over the new bill concerning the precautionary detention measures that was presented to the Chamber of Deputies without familiarizing the league with this bill.

The executive committee decided to hold a second meeting on the 17th of the current month of January to discuss four reports on:

- The trials and detentions in the union circles.
- Arbitrary dismissals and expulsions from work for union and political reasons.
- The condition of liberties generally and the violations recorded recently.
- The parties bill.

Following is the statement issued by the league's executive committee in the wake of its meeting:

After reviewing the condition of the country's liberties, especially the blows and intimidation to which the UGTT is exposed, at its meeting on 10 January 1986, the executive committee of the Tunisian League for the Defense of Human Rights reminds everyone that since the eruption of the crisis between the

government and the UGTT is stressed in its statement of 31 October 1985 that "the presence of the UGTT as a popular organization is one of the mainstays of modern Tunisia and that no social peace and justice capable of uniting the efforts to overcome backwardness can be achieved without the presence of a strong and responsible national unionist movement." In the same statement, the committee addressed "a warm appeal for rationality and for a serious and constructive dialogue to end the crisis, not on the basis of victor and vanquished but on the basis of an optimistic view of the country's destiny."

Since that date, the onslaught against the labor organization has been intensifying day after day. For example:

The UGTT has been denied the right to enjoy its properties and funds.

All of the UGTT's provincial, sectoral, and local offices have been occupied.

Hundreds of union strugglers and workers have been arbitrarily expelled.

A large number of union officials have been detained and tried because of their adherence to their labor organization, its legitimate leaders, and its constitution and bylaws.

Finally, Habib Achour has been arrested, tried, and imprisoned without any consideration for his old age, his health, or his history of struggle in the battle of freedom and independence and in the battle to establish an independent national union movement. Regardless of the legal cover for this trial and regardless of the circumstances involving the COSUP problem, it is clear and obvious that the main reason for this trial is a purely union-related reason.

In view of this serious development of the succession of events, the league's executive committee concludes that there is an obvious determination to liquidate the Tunisian union movement by ridding its framework of their legitimate and legal representative and replacing them by "appointed" elements. The fact is that the "appointment" attempt which took place on 26 January 1978 has proven a failure, as has the attempt to liquidate the Tunisian General Federation of Students. The intimidation of the popular organizations can only lead to fragmentation, radicalism, violence, and chaos because social awareness among the Tunisian masses is deep-rooted and is founded on numerous national popular struggles and on a firm and genuine historical background dating to the beginning of this century.

It is neither just nor compatible with the national interest to wager on the silence and submission of the working class. Therefore, the only sound solution is to release all the prisoners, to reinstate all those expelled in their previous jobs, to give the legitimate leadership access to its offices, and to embark on an equal dialogue with this leadership so as to overcome the crisis and to safeguard the country's supreme interest.

This is a major and historic national responsibility, and history has no mercy.

League's Executive Committee

8494/12790
CSO: 4504/175

TUNISIA

UGTT SECRETARY DISCUSSES PROBLEMS WITH GOVERNMENT, LABOR DEMANDS

Tunis HAQA'IQ in Arabic 10 Jan 86 pp 8-10

[Interview with Sadok Allouche, general secretary of the Tunisian General Federation of Labor, by al-'Arusi al-'Umari"]

[Text] Sadok Allouche is a labor union struggler who has lived with all of the labor movement's phases since 1947. He is thus one of the few veterans who have continued the uninterrupted march. He holds currently the position of UGTT [Tunisian General Federation of Labor] general secretary under sharp and intense circumstances. This is why his statements are extremely important, especially since the fires of tension and estrangement have not died yet. HAQA'IQ had this interview with Allouche to enlighten public opinion.

[Question] Can it be rightly said that the government is refusing to normalize relations with the UGTT and does the UGTT have a clear plan to restore relations to their former condition?

[Answer] To begin, I wish to clarify an ambiguous point, namely that the government has not refused to normalize relations. Rather, the entire issue is confined to the delay of implementation. We have concluded with the government an agreement calling for the reinstatement of unionists expelled because of labor union activities in their former jobs, for the release of prisoners, for a normalization of relations in the provinces under the supervision of the Executive Bureau, and for a beginning of negotiations to settle the pending issues connected with the economic and social situation (the issue of wage increases holds the top priority, keeping in mind that wages have not been raised since January 1984 even though prices have been rising).

Let us take the points in the joint communique, which came in time to eliminate the wave of wrath that had swept the unionists in the wake of the occupation of the UGTT offices in the provinces and in Tunis, point by point.

Insofar as the release of prisoners is concerned, the situation has been developing slowly, even though it must be said that the prisoners held in custody by the police and against whom there have been no court sentences have been released. The same applies to detainees arraigned by the interrogating magistrate but against whom no sentences have been issued. So, some positive aspects have been achieved. However, we are awaiting the amnesty to be issued

for convicted unionists. We also demand withdrawal of the lawsuits against the unionists released temporarily. The second point concerns normalization of union conditions in the provinces. This means restoration of the UGTT offices seized by force. We have begun with Nabeul Province. We are also about to embark on a dialogue with the authorities to speed up implementation of the agreement. Even though we have encountered numerous difficulties, we continue to try to persuade the other side of the need to settle the problem. This will then enable us to clear the social climate, to regain the UGTT's position, and to allow it to perform its role in the best manner. We will thus have the opportunity to deal with the major issues and the fundamental dossiers. Thursday's meeting with the government is likely to deal with these issues.

The third point concerns people expelled from their jobs for union-related reasons. We have submitted an additional dossier to the premier's office and we expect the go-ahead signal for reinstatement of the dismissed in their jobs to be given at Thursday's meeting. We have also notified the government that we are awaiting impatiently the start of negotiations on modifying wages and on public economic and social issues on which the UGTT has an opinion.

[Question] Habib Achour was tried last week and was sentenced to a 1 year jail term because of the COSUP issue. What is the Executive Bureau's position on this issue?

[Answer] The plenary Executive Bureau discussed this issue at the meeting it held last Sunday. The meeting dealt with the trial in Sfax which included brother Habib Achour and a number of other unionists against whom sentences ranging from 6-12 month prison terms have been issued.

It must be said that this trial is not likely to settle the situation, especially at a time when we are demanding the release of prisoners. Moreover, other brother unionists have been sentenced to jail terms. As an Executive Bureau, we have expressed our opinion and declared our position on this issue, demanding the release of brother Habib Achour and the other unionists.

The COSUP issue is a well-known issue. COSUP is a labor cooperative association established by the UGTT. Everybody knows the stages through which this cooperative has passed and which has been seized by the opponent whenever the UGTT has been faced with problems.

[Question] The COSUP case has been referred to the public right courts. Don't you think that this issue has a political background?

[Answer] I am not qualified to talk of the powers of the courts.

[Question] The provincial unions are going through a period of tension. What have you done to regain them?

[Answer] There is anger within the bases, the provincial unions, and the union officials. This anger emanates from the forceful seizure of the UGTT offices, from the dismissal of workers, and from the trial of unionists. The restoration of a relationship on a sound basis will enable the union to operate in a normal

climate in order to take its prominent position and express its opinion on all the national issues. This is what the public interest dictates. The UGTT contributes positively to the national issues experienced by our society. We are enthusiastic for numerous issues, such as fair taxation, a fair distribution of the national income, and the issue of unemployment. We have not been selfish and we have never thought of the working people only because the unemployed are also citizens. This problem concerns me personally and I have been raising it whenever I have had the opportunity in order to find the right solutions within the framework of national solidarity.

It is fortunate that there is currently a concerted discussion at all levels on the issue of unemployment. I raised this issue personally in the Chamber of Deputies in 1981 and I have thought it possible to establish a national solidarity strategy that corrects the imbalance existing in our country. My interest was recently aroused by a statement made by the minister of social affairs who touched on this issue, expressing the concept that future social security should not be confined to those who contribute to the social security funds but must include all Tunisian citizens. However, we must not stop at this point and must come up with practical solutions.

[Question] How is your relationship with the new minister of labor? Is it good or is it tense?

[Answer] The minister of labor is a cabinet member and acts according to the cabinet's recommendations. This means that the minister's personal initiatives are always limited. We discuss matters with the minister of labor with utter frankness and we expect a lot of him because he is entrusted with watching over social progress and with protecting the workers and union liberties.

[Question] Has he so far shown understanding toward the problems that you have presented to him and that pertain to normalization?

[Answer] An agreement with the government has been reached through the minister of labor. As for implementation, I believe that he cannot do it alone. There are all the other ministers who are concerned with the agreement and they must display enthusiasm for entrenching this agreement.

[Question] Can we say that the Executive Bureau is united insofar as the currently pending issues are concerned?

[Answer] All our resolutions are made democratically. We strive for unanimity as much as possible. It is unfortunate that we in Tunisia have become used to engaging in excessive speculation and oneupmanship whenever unanimity has been lacking in the Executive Bureau. Some people have tried to find out who approved and opposed this or that plan. This is why I must assure you that the situation in the Executive Bureau is very good. We are all aware of the heavy responsibility and there is full cooperation. Every member is entitled to express his opinion and defend his viewpoint with utter freedom. When the debate is concluded and a certain position is reached, all the members are urged to abide by and exert efforts to entrench practically the resolution which represents the Executive Bureau. Anything else is a sign of backwardness and of lack of discipline.

[Question] Is there an international solidarity movement supporting the UGTT in its current critical period?

[Answer] International and national organizations have expressed their full solidarity with the UGTT and their support for the unionists in this period of tribulation which is being experienced by the UGTT.

Internationally, there has been strong interest in what is happening in the UGTT because the UGTT is influential at the national and international levels. In numerous Third World countries, especially in the African countries, the UGTT is considered a progressive struggler. These countries are directly interested in what happens in the UGTT because it is free.

[Question] You often underline these days the UGTT's independence vis-a-vis the political parties. Is there an explanation?

[Answer] Independence means primarily the independence of decision making and the refusal to submit to any pressure from anywhere. Independence means independence from all political parties and currents, without exception. To maintain its influence and to perform its role perfectly, the union organization must be independent. But it must also be a representative of and a struggler for social progress in particular.

8494/12790

CSO: 4504/174

TUNISIA

BRIEFS

COMMUNIST PARTY COMMUNIQUE--Tunis--The Central Committee met on Sunday, 5 January, to study the country's political and social conditions. First, the Central Committee expresses its deep concern for and its condemnation of the imprisonment of Habib Achour because this act undermines the simplest human and democratic values and poses a serious threat to public and private liberties. The committee demands Achour's immediate release. The committee also underlines the intensifying restrictions on union and political liberties and the continuation of the scheme--a scheme to which our party exposed as of the first day--which seeks to strike at union unity, to tame the UGTT, to torpedo its independence and strength, and to prevent it from performing its national and union role, especially in defending the citizens' purchasing power in the face of inflation, frozen wages, and the expanding campaign of arbitrary dismissals. The Central Committee expresses anew its full support for the union steadfastness which is capable of creating the conditions for overcoming the current circumstances and of restoring vigor and effectiveness to the UGTT so that it may serve the workers' and country's interests. The Central Committee asserts that the crisis being experienced by the economy and by the country in its entirety requires a real dialogue, respect for the UGTT's independence, and an end to acts of oppression and restrictions on the liberties. Second, the Central Committee condemns the aggressive movements staged all along the Libyan coastline these days by Israel and the U.S. 6th Fleet which try to intimidate people and to undermine their security and independence under the pretext of fighting terrorism. These movements pose a direct threat to the freedom and peace of our people who are thousands of kilometers from the United States. The Central Committee urges all the Arab Maghreb's national forces to unite in the face of the U.S. threats and movements. Tunis, 6 January 1986. The Tunisian Communist Party. [Text] [Tunis AL-RA'Y in Arabic 10 Jan 86 p 2] 8494/12790

SOLIDARITY WITH UGTT--The Grouping for Solidarity with the UGTT and Popular Struggles, headquartered in France, including a number of Tunisian political strugglers and following the UGTT branch in France, is engaged in active efforts to support the labor organization. Within this framework, the grouping issued on 4 January a statement expressing its solidarity with the UGTT in its current tribulation and with the workers' struggle and its support for the unionists on a hunger strike, demanding their unconditional reinstatement in their jobs. The grouping also demands evacuation of the UGTT offices and the release of the detainees, including Habib Achour, and underlines its support

for the UGTT's legitimate structure in order that the UGTT may continue to be an independent, representative, and struggling organization. [Text] [Tunis AL-RA'Y in Arabic 10 Jan 86 p 8] 8494/12790

NEW ISLAMIC PUBLICATION--The fourth edition of AL-NADHIR, a publication issued by an Islamic student grouping at the university, was published in the past few weeks. This edition contains a number of articles within the publication's main sections--the economic, political, social, and cultural sections of AL-NADHIR. The latest edition has focused especially on Tunisia's economic position in 1985, offering a detailed study on the country's relationship with the EEC, in addition to other topics. The publication also underlines its organizational independence from all Islamic factions, whether in or outside the country. [Text] [Tunis AL-RA'Y in Arabic 10 Jan 86 p 14] 8494/12790

MTI PRESS CONFERENCE--MTI [Islamic Tendency Movement] at the university held a press conference at the university center to underline its position toward the recent incidents witnessed by the various colleges and higher institutes. The MTI students noted that in the wake of the two meetings they had held, two demonstrations were staged in Sidi 'Abd-al-Salam and Bab al-'Amal where the demonstrators were fired upon and nearly 70 students were arrested. The conferees also noted that 15 students were conscripted recently and showed the photographs of the students in military uniform. During the conference, reports were received on the incidents in the Shari'a College and on the arrest of a number of students from this college. The MTI students underlined their determination to escalate their action and to confront the "attacks." [Text] [Tunis AL-RA'Y in Arabic 17 Jan 86 p 7] 8494/12790

CSO: 4504/175

ISRAEL

FINAL READING OF RACISM BILL POSTPONED

Jerusalem THE JERUSALEM post in English 13 Feb 86 p 2

[Article by Arye Rubinstein]

[Text] Alignment and other left-wing party hopes that the Knesset would pass into law a bill against incitement to racism, on the day of the Kach convention, were dashed yesterday due to the Likud group's request to the Speaker not to put the bill on yesterday's agenda.

Speaker Shlomo Hillel said in a procedural debate that he would have placed the bill on the agenda for its second and final readings had the Law Committee charged one of its members with presenting the bill in the plenum, in place of its chairman, Eliezer Kulas, who was ill.

Twenty minutes at the beginning of yesterday's Knesset session were devoted to hearing points of order connected with the bill.

Nahman Raz (Alignment) said it was unthinkable that so important a bill should be delayed just because Kulas would not agree to its presentation by anyone but a committee member (Dan Meridor), who was tied up with Herut elections.

Speaker Hillel replied that apart from Kulas's illness, he had been requested by the head of the Likud

Knesset group (Sara Doron) not to put the bill on the agenda on Tuesday or Wednesday.

Geula Cohen (Tehiya) said she could not understand the "hysteria" engendered by the Kach convention. It would be no tragedy if the bill were taken up only next Monday. Furthermore, she said, it would be most irregular for a law to take effect before being gazetted.

(Yesterday, a "supplement" to the original bill and proposed amendments was tabled. It contained an amendment by Haim Ramon (Alignment) declaring that the law would take effect on the day of its passage in the Knesset.)

A public body opposed to Kach, named the "Anti-Racist Headquarters," came along to the Knesset building to hand Speaker Hillel and all the MKs an anti-racist poster to mark the hoped-for passage of the bill. After its expectations were dashed, it issued a statement regretting that the Knesset had not taken the opportunity to put out "a crushing reaction to the Kach convention."

/12851
CSO: 4400/124

ISRAEL

MORE TIES WITH AFRICA EXPECTED

Jerusalem THE JERUSALEM POST in English 13 Feb 86 p 1

[Article by Benny Morris]

[Text] Officials in Jerusalem expect two more African states to renew diplomatic relations with Israel, following yesterday's announcement of renewed ties between Israel and the Ivory Coast.

It is understood that the two are among the four Francophone countries of black Africa - Togo, Gabon, Cameroon and Guinea - in which Israel currently maintains an interest section. The betting is on the first two, and one of the countries, it is understood, may announce the re-establishment of ties within a month.

The text of the joint Israeli-Ivory Coast communiqué issued yesterday was concluded in talks between Israel Foreign Ministry inspector general Yitzhak Minervi and Ivory Coast foreign Minister Simon Ake in Abidjan on February 7. Minervi is still in Abidjan making arrangements for the reopening of the Israel Embassy.

In an unusual press conference yesterday, Foreign Ministry spokesman Avi Pazner read out the text of the communiqué, which stated that the two countries had decided "to establish" relations because they wished to develop bonds of "friendship and cooperation." The two countries said they would exchange ambassadors "as soon as possible."

Yesterday's move followed a

meeting last December between Prime Minister Peres and Ivory Coast President Felix Houphouët-Boigny, during which Houphouët-Boigny informed Peres that the Ivory Coast intended to renew its ties with Israel. Relations were severed by Abidjan in 1973.

Foreign Minister Yitzhak Shamir said the decisive change in Israeli-Ivory Coast relations took place last October, when Abidjan informed Israel of its intention to re-establish relations after a "democratic" process in the Ivory Coast had been completed.

Shamir said Israel has appointed Shimon Agur as chargé d'affaires in Abidjan. Agur is the current head of the interest section there.

Shamir said he expected the two countries to exchange ambassadors soon, and hoped the Ivory Coast would establish its embassy in Jerusalem "where it owned a house," although the Ivory Coast had said its embassy would be in Tel Aviv. Shamir said he had met Houphouët-Boigny twice in recent years.

Israel has had an interest section in the Belgian Embassy in Abidjan since relations were severed. Shamir said that Israel has interest sections in six black African countries and that he hopes ties with other countries will be restored. He refused to elaborate.

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CSO: 4400/124

ISRAEL

ORTHODOX VIEWED UNFAVORABLY BY SECULARISTS

Jerusalem THE JERUSALEM POST in English 10 Feb 86 p 3

[Article by Joel Rebibo]

[Text] Only 19 per cent of the secular population describe Orthodox Jews favourably, a Dahaf poll released yesterday shows.

Asked "What comes to mind when you think of an Orthodox person?" 25 per cent of 1,233 randomly selected secular Israelis answered, "Opportunists, liars and charlatans;" 22 per cent thought in terms of religious coercion and extremism; 13 per cent related to the Orthodox in terms of the unique dress style.

Only 19 per cent responded "Moral, well-educated and proper." Only 25 per cent identified Orthodox Jews with a commitment to observe *mitzvot* (religious commandments).

According to Daniel Tropper, director of the Gesher movement for a more tolerant Judaism, which commissioned the poll, religious legislation is one of the causes of this negative image.

"Pushing 'Who is a Jew' serves little practical purpose, since the number of Reform converts immigrating to Israel is statistically insignificant," argues Tropper. "They (the religious parties) were just trying to make the Knesset the arena for an ideological battle."

Other factors that contribute to a negative image, according to Tropper, include budget maneuvering by the Orthodox, the success of an Orthodox "back to Judaism" movement that is seen as dividing families, and a perceived "aggressiveness" on the part of the Orthodox.

siveness" on the part of the Orthodox.

Describing the mood in the country as "social dynamite," Tropper urges a cooling off period, with the Orthodox refraining from any attempt at religious legislation and the secular accepting the status quo.

Tropper says that Orthodox-secular relations improved between the mid-1960s and the mid-'70s, but have deteriorated over the past three years, largely because secular Jews feel threatened by the success of the Orthodox back to Judaism movement.

Tropper says he commissioned the poll because, for the first time, secular parents have been objecting to Gesher programmes bringing secular and Orthodox youth together.

Tropper believes both sides must take a hard look at their behaviour. "Granted, there have been Orthodox Jews who have behaved improperly, but does that justify a quarter of the population seeing Orthodox Jews as liars and charlatans?"

Tropper is to meet Education Minister Yitzhak Navon on Friday to discuss expanding the Gesher programmes.

"Knowledge is a moderating factor," says Tropper. "If we can get kids together for a four-day seminar, they won't accept stereotyping."

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CSO: 4400/124

ISRAEL

MERGER OF LIBERAL, HERUT PARTIES ANALYZED

Jerusalem THE JERUSALEM POST in English 10 Feb 86 p 8

[Article by David Krivine]

[Text] THE DECISION of the Liberal Party to accept Herut's terms for a merger heralds the end of a political movement that has ceased to have any purpose. Its members have misused the word "liberal" ever since anyone can remember.

They got away with it by breaking links with the electorate. For over 20 years they never presented themselves before the voters as a separate list. All parties in a democratic society have to test their public backing at fixed intervals. Not so the Liberals. They resorted to the simpler device of selling their support to Herut in exchange for an agreed number of parliamentary seats.

The disappearance of the Liberals began with the formation of Gahal in 1965. This Herut-Liberal coalition, led by the dominating personality of Menachem Begin, fell increasingly under Herut influence. In 1975, the Liberals' chairman, Elimelech Rimalt, resigned from his posts in the party because it was beginning, under the influence of its right-wingers (notably Yitzhak Moda'i and Moshe Nissim), to discard its principles.

The platform submitted by the Likud (the new name for Gahal) prior to the 1977 elections still propounded liberal ideas. They were never applied. Yitzhak Berman, who became Knesset Speaker and later a cabinet minister, had taken a hand in drafting the party manifesto. He lists the discrepancies between the 1977 version and the emasculated programme submitted by the Likud two parliaments later for the 1984

elections.

The following policy lines, embodying liberal concepts and adopted in 1977, do not appear anywhere in the 1984 document: promotion of free enterprise, reduction of state intervention in the economy, decrease of government economic controls, substitution of private enterprise for state enterprise where possible, enhanced competition, sale of state lands and other state-owned assets, electoral reform, a new law on political parties, compulsory arbitration in essential public services, just treatment for the middle classes, aid to the self-employed, reform of the confiscatory tax system, and linkage of wages to output.

The 1977 paper called for an end to the monopoly exercised by the Broadcasting Authority over radio and TV. New stations should be licensed by the Knesset Education Committee, but operated by private owners.

The 1984 version likewise calls for new radio and TV stations - but all to be government-owned.

Berman concludes: "Liberalism still existed under the first Begin government. Under the second, it was ditched."

Liberalism did not in fact get very far under the first Begin government either. The late Simha Ehrlich, Liberal leader at the time, became the Likud's first finance minister. He tried to apply one liberal tenet by dismantling foreign currency controls, but blithely ignored all the other tenets of his movement be-

cause they clashed with Herut's nationalistic and populist aspirations.

He and his successors allowed the budget deficit to gape wider and wider, bringing the country's economy closer than ever before to collapse. All that Ehrlich's "liberalization" achieved was to accelerate the drain of foreign currency, thus increasing Israel's dependence on foreign aid for its survival.

ON THE POLITICAL side, the agreement setting up Gahal in 1965 declared that Herut (as distinct from the Likud) remained loyal to the vision of a Greater Israel, the implication being that the Liberals did not. For them, a territorial compromise was still on the cards.

By 1977 that was no longer the case. The joint electoral programme stated that the Likud would not contribute to dividing up Western Palestine (their term for Palestine west of the Jordan); and this time the Liberals failed to dissent. They had espoused the crucial component of Herut's policy: *Eretz-Yisrael Ha'sh-lema*; in other words, the retention of the occupied territories.

As regards religion, the subject never came up. Other religions, yes — they were to be guaranteed freedom of worship. But within the Jewish establishment the Liberals set no bounds to Orthodox hegemony. The power of the rabbinate to impose its will on the community was never defined or limited.

The first intrusion into that field is being made at this moment by the Liberal Centre, a party in formation designed to rise on the ashes of the old Liberal fraternity. Sponsors of the new faction will propose to its founder institutions that pluralism be tolerated not only as between Judaism and other faiths, but also within Judaism as between the Orthodox (or theocratic), Conservative and Reform movements.

WHY DID the Liberal Party proper beat such a retreat, jettisoning their own ideology? Perhaps they no longer believe there is such a thing as political liberalism. Their long-drawn-out negotiations with Herut were not held up by differences over policy. The matter at issue was more down-to-earth, viz, how many appointments would be guaranteed for ex-Liberals in the new constella-

tion, and for how long. The time-honoured creed and doctrine of their party was dead and buried.

Yet without that creed and doctrine something is missing. Liberalism is a widely accepted philosophy in the modern democratic world; and, to be fair, all the main political parties in Israel are touched with it — but only to a limited extent. None of them, save the mini-party, Shinui, puts it first.

Herut puts nationalism first. The religious parties put Orthodoxy first. Labour, the most emancipated group, still manages to put first, if not socialism, then at least the vested interests of the Histadrut, trade unions and works committees.

Liberalism is not a substitute for these beliefs. It is possible to be at the same time a liberal and a nationalist, a liberal and a religious believer, a liberal and a socialist. Liberalism as such cannot, in Israel anyway, be more than part of a person's world philosophy; but it is an essential part. A person who is not a liberal as well as everything else risks being a fanatic.

WHY THEN, does the idea not evoke more popular support? Possibly because it is not presented properly. The Liberal Party, for reasons that cannot be fathomed, has abandoned its original theories, replacing them with a crude and unvarnished form of nationalism.

Another party tried to replace the Liberals, the Democratic Movement for Change (DMC) and they won over 200,000 votes, or 12.5 per cent of the total, in the 1977 elections, garnering 15 Knesset seats. Due to a tragic collapse of leadership, the DMC withered away.

We are left with a remnant of the DMC: Shinui, holding three seats; and a remnant of the Liberal Party: the Liberal Centre, with no Knesset seats so far.

The Liberal Centre remains faithful to the one-time convictions of its former partners, convictions dating back to the founding conference of the General Zionists (predecessor of the Liberals) at Basle in 1931. The prime aim of that assembly was to put the general interest of the nation above class or sectional interests. Few politicians observe this guideline today.

Would it not be wiser to forget about the Liberals and settle for a

two-party system of Labour and Likud? That would be acceptable if the government instituted electoral reform, which would make a viable two-party system possible. But they will not do it. Israel is condemned to a continuation of coalition politics.

A new alignment comprising Shinui, the Liberal Centre and whoever else wanted to join (the thousands of people who gave their votes to the DMC in 1977 are still around) would form a better and more constructive

coalition partner than the religious and other splinter-groups who now cause nothing but political confusion.

They would speak up in whatever coalition they joined for the principles of liberty, individual rights, religious freedom, the right of dissent, equality of opportunity (for all) and equality before the law (for all) that are the hallmarks of civilization.

The writer is a commentator on political and economic affairs.

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CSO: 4400/124

ISRAEL

NUCLEAR SCIENTISTS SEEKING WORK

Jerusalem THE JERUSALEM POST in English 11 Feb 86 p 6

[Article by Macabee Dean]

[Text] YAVNEH. - The research abilities of the entire scientific staff of the Sorek nuclear research centre, some 150 scientists and engineers, "are up for hire." This was stated yesterday by Gideon Frank, director-general of the institute, an affiliate of the Atomic Energy Commission, during a press tour.

"We are willing to work in fields only remotely connected with atomic energy. Today, only about 20 per cent of our efforts are in this field."

About a decade ago, nearly all of the centre's efforts were in theoretical research, but dwindling government funding forced a shift to applied science and industrial applications.

For example, the centre produced a specially designed plastic dressing for burns, misnamed an "artificial skin." However, it is not a true skin, for when the true skin forms over the burn the artificial one is gradually shed. But until then it allows the lesion to "breathe and perspire", while preventing the invasion of any germs through the plastic dressing. The dressing was recently approved by the Food and Drug Administration in the U.S. and "since this is the toughest barrier in the world to hurdle, the product is expected to be approved in other countries as well."

Frank noted that at present about 25 per cent of the centre's projects are in the field of electro-optics; 20 per cent in the combined field of electro-optics and electric-magnetic fields; 25 per cent in "non destruc-

tive testing" using a variety of methods, and about 14 per cent in radiator and chemical technologies.

Because of the strides made in industrial applications, the centre has set up its own commercial arm, "Isorad," and 18 months ago engaged a marketing director, Joel Weiner.

About one-third of the funding comes from the Atomic Energy Commission, the rest from R&D projects, mainly industrial.

According to the chief scientist in the Ministry of Industry and Trade, Yigal Erlich, whose office provides money for industrial R&D, the centre is also "hired" as a R&D subcontractor.

The centre, in addition to its several score of projects for local industrialists, has obtained orders from abroad, specifically from the U.S. and West Germany.

"However, obtaining such work is a difficult job," says Weiner, "for the competition abroad is fierce, and the research institutes in every country are bidding for contracts."

Frank pointed out that the main problem facing the centre was that most industrial projects were only for one year or less. "Industries cannot afford to pay for long-range projects, of one to three years. This means we cannot develop expertise in one subject before having to jump to another."

To overcome this disadvantage, the centre has placed bids for projects in the Star Wars project, as have several other Israeli institutions.

Among the fields in which re-

search facilities are offered by the centre are: crystal growth; optical fibres; sensor systems; infrared intrusion detection; chemical analysis; high vacuum technology; microelectronics and bonding, radion chemistry; high current ion beam technology; and "prevention of disaster systems."

In the latter field, the centre offers to pinpoint potential "disaster" areas in industry and propose steps to prevent any catastrophe.

"In most cases, lives can be saved by simple methods," according to the centre's Dr. Ya'acov Tadmor.

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ISRAEL

FEW SUPPORTERS, MANY OPPONENTS AT KACH CONVENTION

Jerusalem THE JERUSALEM POST in English 13 Feb 86 p 2

[Article by Robert Rosenberg and Barbara Amouyal]

[Text] Some 6,000 demonstrators, representing all shades of the left-wing and liberal camps, gathered outside Binyanei Ha'uma in Jerusalem yesterday to protest against the Kach Party's annual convention.

Only 150 of 1,500 Kach supporters invited to the convention appeared. Among the groups represented in the three-hour demonstration were Peace Now, the National Committee Against Racism, Shinui, Mapam and Ratz, the Civil Rights Movement.

Minor altercations interrupted what was generally a peaceful protest against MK Meir Kahane's policies. Police arrested 18 people - five of them minors and all but one of them anti-Kach demonstrators - for disturbing the peace. All were released on bail yesterday evening.

Over 500 policemen and border patrolmen, armed with truncheons and shields, were on hand to preserve order. Force was used only once, when Jerusalem branch deputy commander Haim Albaldes ordered police to clear a section of the parking lot so that Kach supporters could pass. Several demonstrators were shoved in the scuffle, and three were wounded by horses' kicks. Several policemen also suffered minor wounds.

Kahane arrived at approximately

3.40 p.m., surrounded by an entourage of supporters and police escorts. His arrival went virtually unnoticed by his opponents, who continued to herald his imminent arrival long after he was safely upstairs in the fifth-floor meeting room.

At the convention itself, Kach supporters were almost outnumbered by Israeli and foreign journalists. When convention organizers opened the windows for fresh air, the chants of "Stop racist cancer from spreading" and "Boot Kach into the garbage pail" could be heard coming from the rally's loudspeakers.

Knesset members present at yesterday's demonstration were Ran Cohen, Mordechai Bar-On, Absorption Minister Ya'acov Tsur, Abdel Wahab Darousha and Muhammad Watad.

Tsur called for the "healthy" part of Israel to "banish the unhealthy elements."

Jerusalem Mayor Teddy Kollek denounced Kahane's policies as "a raging cancer," insisting that, especially in Jerusalem, pluralism and freedom for all must be preserved. "We must wipe out ugly racist tendencies from their very roots," said Kollek.

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CSO: 4400/124

KUWAIT

OFFICIAL DISCUSSES STAND ON GULF WAR

GF141703 Kuwait AL-WATAN in Arabic 13 Feb 86 pp 1, 9

[Column by Dr Ahmad al-Rab'i, member of the Kuwaiti National Assembly: "Iran, and the Kuwaiti Stand on the War"]

[Text] We know well that there is nothing more difficult than having a dialogue when the language of guns is the only acceptable language to one of the parties of such a dialogue. We also know well that it is difficult for those who do not deal with the pen as they deal with red blood to listen with some reason and patience to any logical form of dialogue.

We know well that they have closed their ears to all Islamic and international appeals and all the human appeals made by the mothers and children of this region to open their ears to a logical dialogue that extends bridges of love instead of human bridges composed of the corpses of soldiers.

Nevertheless, we are trying to submit our viewpoint to the Iranian leaders, not in the hope that they will listen to it--since they appear to be unwilling to listen to anybody--but out of a desire to make our stand clear to those who wish to deal with this stand.

The Iranian statements, the latest of which have been the statements by Iranian Prime Minister Mir Hoseyn Musavi and Iranian President Seyyed 'Ali Khamene'i, regarding the Kuwaiti stand on the war require clarification and discussion so that matters will be clear to the Iranian leadership in dealing with Kuwait on this issue. The two statements indicate that there are numerous facts that have been forgotten or disregarded by the Iranian leadership. We believe that these facts require clarification.

The first fact pertains to the ties between Kuwait and Iraq, which are much larger than the Iranian leadership imagines. Iraq and Kuwait and all the Arab countries are one homeland that has been divided by the circumstances of colonialism and backwardness. The relationship between Kuwait and Iraq and all the Arab countries is a relationship of one destiny and one future. Any disregard of this simple fact by the Iranian leadership will cause it to make deadly mistakes in understanding the principled Kuwaiti stand on this issue.

The second fact is that the blood ties and the ties of destiny and future between Iraq, Kuwait, and all the Arab countries are not at the expense of other people, including the Muslim Iranian people. By God, we are not happy with a war in which thousands of Iranian Muslims die without cause, apart from the slogans of annexation, expansion, and the "exportation" of the revolution. We support the prevention of the shedding of the Iranian Muslim people's blood. We support a true peace between Iraq and Iran and all the countries of the region. However, we do not accept this be at the expense of our principled stand on the issue of Iraq's land, which is under aggression, nor at the expense of our ties with Iraq.

The third fact is the following: Even if, for argument's sake, we assume--and it is an unfounded assumption--that we are a neutral party that is not connected to one party to the conflict, the clear fact remains that Iraq is confronting an external offensive on its territory, and that Iraq has accepted all Arab, Islamic, and international peace initiatives, while Iran continues to reject all calls for peace and dialogue.

What does the Iranian leadership want even if Kuwait is a neutral party? Does it want us to stand by the aggressor and against people who defend their land? Does it want us to stand by the party which rejects all peace calls and stand against the party which takes a positive attitude toward all peace calls and repeats day and night its readiness to have direct negotiations to resolve all the outstanding problems between the two warring parties by peaceful means?

The fourth fact is that Iran is launching against Iraq an unjustifiable war that has no future nor grounds. It is a war which causes the death of thousands of Muslims and makes others homeless. It disturbs the entire region with the atmosphere of war and gives an opportunity for the powers hostile to the peoples of the region to enter it and control its destiny again.

So what exactly does Iran want? If the Iranian leadership believes that the Iranian army's mission is to change the government in Iraq, this is a dangerous principle in international politics. It even is the principle relied upon by the imperialist powers which Tehran Radio never stops condemning day and night. It is the imperialist principle of intervening in the internal affairs of the countries of the world and of changing regimes by force against the will of the people.

Iran forgets, or pretends to forget, that the party concerned with the question of the Government in Iraq, Iran, and any other country are the peoples of these countries, not through military intervention by force in the U.S. fashion or in the fashion of the former shah of Iran.

But if Iran wants to impose its conditions on Iraq by force, we wonder what these Iranian conditions are. Are they conditions set by warring parties, or are they the dreams of expansion at the expense of others? If Iran has conditions, why did it not listen to the calls of reason and the international appeals to sit down and negotiate and present its alleged conditions?

The fifth fact is that Kuwait has tried by all available methods to reach an understanding with Iran through peaceful means in order to make it stop its aggressions on Iraq. The Kuwaiti Government has played a major role in this matter. Iran knows this fact more than anybody else. It also knows that if it refers to the list of all the countries which have played a role in trying to stop the war, Kuwait would be on top of the list, but the party which hampered Kuwaiti efforts has always been the Iranian party.

The sixth fact is that the policy of demonstrating force against Kuwait and the direct and indirect threats will not serve anybody and will not affect our stand toward the question of our independence and the unity of our territories, nor will it affect our stand toward Iran's occupation of any part of Iraq.

Iran must realize well that we are not "the sick man" in this war and that we are not the weak link which can be penetrated easily. We say with all modesty that while we have been and still are peace seekers, we will adopt whatever attitude is in the interest of Kuwait. Iran must understand a fact which is hard to understand among those who live outside the boundary of the Kuwaiti equation. This fact is that the internal front in Kuwait and the democratic option in it make penetration of the Kuwaiti internal front very difficult.

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KUWAIT

PAPER EXAMINES IRAQI WAR STRATEGY

GF171202 Kuwait ARAB TIMES in English 16 Feb 86 p 4

[Article by Sa'd al-Bazzaz and Muhammad 'Abd Naji--from Baghdad]

[Text] The picture of the fierce battle, which is now in its fifth day, seems clear. The fierce fighting is spreading over the battlefield in the Shatt al-'Arab front and Majnun area, with land, sea, and air forces taking part.

The battle has revealed political signs and has shown the Arab and international stands, in addition to revealing the nature of the new aggression against Iraq and the Gulf area.

The military signs of the battle became clear after Iran sent its main forces to the battle with armoured tanks, warships and the remnants of its Air Force against a huge Iraqi military force, consisting of land, air, naval and private forces which operated on the direct order and instructions of President Saddam Husayn and were led by his high-ranking officers who foiled the Iranian plans.

Iran aimed by this new attack to occupy the land that connects it with the Gulf area and its western coast. It had tried this before but its land forces were destroyed by Iraqi forces, and Iran was unable to send its soldiers to the other side of the Gulf. The Iranian regime is trying to get a base in south Iraq in order to shift to Arab land.

But the developments in the battle, the strong defence by Iraqi forces and the nature of the land there foiled Iran's hopes. Yesterday Iraq took the initiative by opening a new front in Majnun area to the northeast of Basra city. Iraq liberated strategic places there and forced Iranians to use their reserve forces in the area to carry out seven unsuccessful counterattacks, which did not change the new situation, but made it stable in favour of the Iraqi forces.

The Iraqi Navy played a new role in this battle by attacking Iranian naval bases that were supporting the Iranian land forces. They also succeeded in causing the failure of an Iranian attack on Iraqi ports.

The areas that were attacked by the Iranians in the north of the Gulf had not been used since the early days of the war because of the proximity of the two sides.

According to information from the battlefield, about 30,000 Iranian soldiers were killed or injured in the last attack. But this figure was not final, because Iraqi forces still surround the Iranian troops and because fighting has not stopped.

The feeling in Iraq is that the Iranian decision to use its main forces helped Iraq's aim to destroy what remained of the Iranian forces, and showed that this battle would lead to the total collapse of Iran.

The Defence Minister, 'Adnan Khayrallah, is supervising the execution of the plan to finish off the Iranian forces.

Thousands of Iraqis organised demonstrations in different Iraqi cities to express their joy at the victory of the Iraqi forces.

Anyone who visits the battlefronts will reach the conclusion that it is a battle of morale this time. The morale of the Iraqi Army was more than clear during President Husayn's visit to the Al-Faw battlefront. The Iraqis are fighting this battle with morale, confidence and ability.

It is now clear that the fighting is centered in the southern-most point of Iraq on the Gulf waters, and the Iranian attack is coming from two main directions.

The first extends from Ra's al-Bishah towards Umm al-Qasir. The second is to the north of the first one, and is centered in Al-Ma'amir area and heading southwards.

The Iranian concentrated on that area in order to exploit the nature of the land there, specially during rain.

It was a golden opportunity for the Iraqi command to invite and incite them to bring more forces and equipment to the other side of the Shatt al-'Arab waterway. The destruction of the Iranian mechanised force was one of the main objectives of the Iraqi leadership, and Iran is now providing the Iraqi leadership with an opportunity to achieve its goal.

Iran crossed the Shatt al-'Arab waterway from its southernmost point in Ra's al-Bishah on the Gulf and also penetrated from another point to the north called Al-Ma'amir.

But the Iraqi defences soon separated them into two parts with about 55 km between them.

From the above picture, it can be seen that the Iranian forces that crossed the Shatt al-'Arab waterway have been divided into two major parts, each consisting of many small, tired pockets.

The Iranian forces that crossed are totally isolated from their supporting and supply units and can therefore offer very little resistance.

The Iraqi defence strategy from the very beginning was to attract the Iranian forces into far and deeper areas, and this would place the attacking Iranian forces in a large plain and in open areas where Iraqi artillery and bombers could destroy them.

Moreover, by inviting the Iranian forces deeper, it would be easy to isolate them and cut off their supplies and even easier to destroy them. In addition, this strategy would prevent any Iranian retreat and thus increase their casualties and losses.

Baghdad has all the factors that will help it succeed in its strategy. It has a clear cut advantage in its air force and a clear edge over Iran in armoured vehicles--both in quality and quantity.

These advantages are boosted by the huge reserve of the Iraqi Army that is ready to move in and assist at any time. This reserve consists of men mainly from the Popular Army, estimated at the end of 1985 at 650,000 fighters, and large numbers of tanks and other armoured vehicles that could be deployed easily and rapidly because of the good road network.

It is clear that the Iraqi strategy in this battle is to prolong it in order to attract as many Iranians as possible to be killed.

It is therefore not a battle of one or two hours or even day. But will it be the last battle between Iraq and Iran?

From the statements of the Iraqi military command and from hints from the leader of the Third Corps, Major-General Mahir 'Abd al-Rashid, it is clear that Iran is currently planning to start another, perhaps, bigger battle.

Observers stressed that Iran used about six of its 33 divisions in this last battle, or about 85,000 soldiers.

There are therefore several possibilities.

Iran may carry out several manoeuvres to draw the attention of the Iraqi command to other areas in order to gain time to strengthen its presence in the southernmost part. It may take another gamble by attacking another front sector, most probably the central sector with the aim of isolating Basra from the rest of Iraq. But Iran will not make any attempt in the mountainous northern sector because of the present climatic conditions.

The present military map of the southern sector after six days of continuous fighting is completely in favour of the Iraqi forces.

From the very beginning, the Iranian forces that launched their attack on the Third Corps were completely defeated in spite of the fact that as many as six Iranian divisions attacked only three Iraqi divisions. Moreover, the Iraqi Air Force was very powerful and effective and threw about 1,800 tons of ammunition at the Iranian forces until Friday. Iraq also made excellent use of tanks and other weapons.

/6662

CSO: 4400/125

25 March 1986

KUWAIT

BRIEFS

ARAB CONFRONTATION STATES AID--The Kuwait Government is currently considering some ideas for restructuring its foreign aid including its aid to the Arab confrontation sides. A senior Kuwaiti official has told AL-MAJALLAH that the entire financial aid to these sides will be reconsidered and may be cut in half as a first step. He added that this is not motivated by political reasons but is rather a result of purely internal conditions. The era of financial affluence is over and Kuwait's oil revenue has dropped by 30 percent in recent months and is expected to reflect negatively on the new budget, he said. He pointed out that the Kuwaiti Government is considering budget and expenditure cuts and contemplating austerity at home and, that being the case, it is only right that it should apply the same thing to its foreign aid. [Unattributed report: "Kuwait Considering Cutting Aid to Confrontation States"] [Excerpt] [London AL-MAJALLAH in Arabic 19-25 Feb 86 86 PM] /6662

AID TO INDIA, CHINA SIGNED--The signing took place today at the headquarters of the Kuwaiti Fund for Arab Economic Development of a loan agreement between the fund and India and China to the total value of 9 million Kuwaiti dinars for financing development projects in both countries. According to the agreement India will receive a loan of 7 million Kuwaiti dinars, while China will receive a loan of 2 million Kuwaiti dinars. The agreement was signed on behalf of the fund by Jasim Muhammad al-Khurafi, minister of finance and economy and on behalf of India and China by their respective ambassadors to Kuwait. [Text] [Kuwait Domestic Service in Arabic 1000 GMT 12 Feb 86 LD] /6662

CSO: 4400/125

OMAN

BRIEFS

WORLD BANK LOAN--Muscat, 15 Feb (WAKH)--Oman Sultanate and the World Bank signed in Washington today an agreement under the terms of which the Sultanate will receive a U.S. dollar 30 million loan for project financing. The loan will be used to finance a project for upgrading and maintenance works for Oman's road network. [Text] [Manama WAKH in English 1630 GMT 15 Feb 86 GF] /6662

CSO: 4400/125

PALESTINIAN AFFAIRS

FATAH'S ABU IYAD COMMENTS ON PLO TALKS

LD192226 Algiers Voice of Palestine in Arabic 1702 GMT 19 Feb 86

[Interview with Abu Iyad, member of the Fatah Central Committee, by unidentified VOP correspondent in Algiers on 19 Feb--recorded]

[Text] [Question] Brother Abu Iyad: Let us begin in Amman, the Jordanian capital, where Palestinian-Jordanian talks were held late last month and early this month. The Palestinian delegation was led by Brother Abu 'Ammar, while the Jordanian side was headed by King Husayn of Jordan. You took part in these talks, whose results were said by some to have reached an impasse, while others said that they had failed and others said that they had been suspended. What does Brother Abu Iyad say about these talks?

[Answer] The talks were not new, and contacts have not ended. They were looking for a formula for an international conference on the Middle East with the participation of the PLO. Naturally, with the contacts between Jordan and the United States, they have reached the idea of convening an international conference. But the prerogatives meant for such a conference were not what we wanted. They wanted it to be for good offices, mediation, or reconciliation; but not for arbitration as the Soviet Union, Jordan, and we ourselves wanted. But the United States has agreed to the principle of convening an international conference.

In return for PLO participation, the United States has proposed that the organization accept Resolution 242, without any mention of the right of the Palestinian people to self-determination; not even within a confederation with Jordan. The talks essentially dealt with this point. The Jordanian side continues to have contacts with the American side in order to facilitate the process of U.S. recognition of the national rights of the Palestinian people, including its right to self-determination.

In fact, I can say that the talks have been suspended--this is the best way of describing the situation--pending more contacts with the American side, the Soviet side, and the Security Council member-states in order to crystallize either a new Security Council resolution in addition to Resolutions 242 and 338, or international recognition that would include recognition by the United states of the right to self-determination.

The talks in Amman had in fact concentrated on this aspect, and despite all the viewpoints put forward, and which, it is true, were different, they all sought the same objective: preserving Jordanian-Palestinian relations.

[Question] Brother Abu Iyad, the recent position of the U.S. Administration announced by the assistant official spokesman for the U.S. State Department, that Resolution 242 does not deal with the people of Palestine but with Palestinian refugees--is it considered as a development in the American attitude or not?

[Answer] It is a relative development. In comparison with what the United States used to say in the past, this new position is regarded as a relative development, as I said. In other words, the United States itself recognizes that this resolution cannot meet the aspirations of the Palestinian people, its expectations and hopes like any people of the peoples of the world, with its right to a homeland, a state and self-determination. From this angle, there is a positive point. But regrettably, the rest of the statement speaks about legitimate rights. Legitimate rights is a vague expression. As I said, it does not meet the idea of right to self-determination as we want it and as is wanted by the PLO and by our people. Because the expression of legitimate rights may carry the meaning of self-rule; it may carry the meaning of joint rule as called for by Israel. It may carry any meaning except self-determination for the Palestinian people as a clear-cut concept.

Hence, I believe that there has been a development, but this development is not big enough to say that there has been a change in the American position. But we take as a relative development the American recognition that Resolution 242 is basically no good for a solution. There has also been another expression before this. This is not the first time that it was stressed that the problem of the Palestinian people is not a problem of refugees. As I said, this is a relative development. Part of it was not new, but part of it is new, concerning Resolution 242.

[Question] Let us turn from the Jordanian capital to the Egyptian capital, where Palestinian-Egyptian talks are taking place at the highest levels. First, what does the PLO want from Egypt? Second, what is the current Egyptian position?

[Answer] I believe that the Egyptian position, after President Husni Mubarak took up responsibilities, has gradually changed and [word indistinct]. Egypt has begun to put forward seriously the idea of an international conference and the idea that the Palestinian people should not attend this conference only on the basis of Resolution 242, but that consideration must be given to other aspects of the Palestinian issue: the national rights of the Palestinian people, including its right to self-determination, and the execution of this right. Egyptian officials have begun to talk about exercising this right for the first time, almost.

Therefore, this Egyptian position is important, and despite the fact that there was an estrangement in the past between Egypt and ourselves because of Camp David, even though Camp David has not been removed so far; but we say

that there are two approaches to Camp David: the Egyptian one and the Palestinian one. [sentence as heard] On the Palestinian side, we have been able to overcome its negative points by the recent Egyptian position. Concerning the Egyptian approach, it is not that we are not interested in it; yes, we are interested, but it must be an obstacle in our relations with Egypt, and it must not lead to Egypt becoming a farm where the American and Israeli agents build nests. From this angle, we are keen to ensure a continuation of relations with Egypt. The talks now taking place and the previous ones underline, in my view, the authenticity and value of the Egyptian people. They also stress its excellent position toward us, toward our national rights and toward all our national rights and toward all our aspirations.

I believe that the fact that Egypt calls for an international conference, and says that Resolution 242 is no good, is practically at variance with Camp David.

[Question] Now let us move to the PLO's relations with Syria, and consequently, the PLO's relations or the Palestinian legitimacy with the detachments in Syria. Firstly, what is the present state of the PLO's relations with Syria?

[Answer] As far as Syria is concerned, in fact we have no new developments in relations. But, we took the initiative for the sake of our brother Palestinians, be they detachments or forces in Syria and also for the sake of Syria itself and the Syrian people, and stopped media campaigns. I believe, to be fair, that the Syrians, too, halted their information campaigns. For a long time, we have not heard such expression as: 'Arafat's clique, 'Arafat's reason, the treason of the clique of 'Arafat, and 'Arafat's group. Consequently, this could be a step toward the rectification of relations with Syria.

For our part, we will not after this day enter into altercations with Syria, whatever happens. On the contrary, we are anxious to see these relations take their right and normal course. But, there are no new developments in relations with Syria, though there are contacts going on. We know that the key to the success of these contacts lies in avoiding talking much about them.

As I have said, we support every Arab regime that does not try to interfere in our internal affairs and that wishes to rectify its relations with us. Thus, never would we accept becoming a cover or an extension for any Arab regime. We are anxious to see our relations good, healthy, and normal.

[Question] Since contacts are under way with Syria, are there also contacts with the revolutionary detachments and the Palestinian personalities in Syria, to pave the way for the convocation of the new Palestine National Council?

[Answer] There are two types of detachments in Syria: One type we respect and appreciate and have done so even before the estrangement with Syria, and one type which, I don't say that we do not respect or appreciate--we feel that they are not the masters of their decisions. Its decisions are not in its hands. If relations with Syria became good, its relations with us would automatically become good.

The former type, which we respect, is also wary of making contact with us. This is because it considers its relations with Syria more important than its relations with the Palestine revolution and the PLO. It has founded its strategy on the basis that its relations with Syria will satisfy its need for a venue and its contacts with Lebanon and the occupied territory, and this is considered to be more important than national unity.

Although I do not see eye-to-eye with this type and consider their attitude to be lacking moral courage in regard to national unity, there is on the other hand another group with whom we have contacts. True, our contacts are not overt. But they are continuing and have not ceased. It is the overwhelming and main detachment among those in Damascus. However, I believe that no positive results could be achieved in other than a direct way.

As I have already said, there is a conflict between the need for a venue and the need for Palestinian national unity.

All the talk about the Amman agreement and the Amman National Council and the Cairo Declaration are all unreal things in my opinion. But none of them can say that, for the sake of relations with Syria, I cannot take a basic step toward national unity. It is impossible. So they go looking for some excuse, such as [words indistinct] statements and so on. True, some of what is being said does not constitute an obstacle in the way of understanding. This is not the first time that we the Palestinians have differed with each other. We have our differences over the phased program. Yet those same people who differed over the phased programs were members of the PLO Executive Committee.

At no time did differences of opinion or differences over some ideas or methods become a barrier in the face of national unity.

We hope our contacts with Syria will succeed and the Syrian brothers would [words indistinct]. We care for the Syrian people and the Syrian Army, for the sake of the Palestine revolution and its people as well as for the sake of the people of Syria.

If these contacts were to succeed, believe me, no obstacle would remain in the way of national unity.

[Question] Let us go from the political and diplomatic assault of the PLO to the military assault in fact waged by the PLO, especially in the occupied Palestinian lands. What is your comment on this, all the more since the leaders of the Zionist enemy continue their threats to the PLO leadership to strike at its offices and positions everywhere, in relatiation, obviously to the operations which continue inside the occupied land?

[Answer] [Words indistinct] Is the fundamental thing. Because, quite frankly, all our political moves, all our diplomatic actions would be useless if they were not accompanied by a strong basis of armed struggle, continuous and escalating struggle. For we are in the face of an enemy that has

contacts everywhere, like an octopus. We say that it is fine for someone to undertake diplomatic and political action; it is not only fine but it is necessary. But our political action must not be leaning on moving sands; no, it must be effectively based on a solid [word indistinct].

Therefore, despite the Arab blackout imposed against these operations, it is reassuring that they continue, escalate, and develop in a way that makes any observer of these operations unable to understand how this people moves with its modest available means.

[Question] Brother Abu Iyad: The Mediterranean region is witnessing American imperialist threats. American fleets and aircraft carriers are cruising the Mediterranean Sea, particularly off the Libyan coast. What is the position of the PLO to these threats or practices, and what would you comment on this?

[Answer] We, through Abu 'Ammar and through myself, have many times declared that we are not neutral in this combat. Whenever and wherever an Arab country stands in confrontation of imperialism, and Zionist and American threats, we stand on the side of this Arab country with all forces. Libya, as I said, we consider it as part of the Arab world. Despite some differences between us and Libya over some issues, this absolutely does not prevent the fact that in the event of any direct, real threat to Libya, the Palestinian revolution, with all its forces, will be with Libya and with the Libyan people. More still, I say that with our modest means, we are prepared to be part of forces defending the Arab homeland.

We are not only against these threats, but against any other threats aimed at any Arab country and at occupying it, no matter what the forces behind the threats and the slogans they carry. For example, we are these days experiencing the Iraq-Iran war. We are against this aggression; against the extending of the fighting, because such an extending harms the Palestinian cause. The very existence of the war harms us.

So, as we are against the U.S. threats against Libya, we hope that Libya and all the Arab states will take one unified stand in confronting any aggression against any Arab country. This is the sole way that would preserve the Arab homeland from threats and foreign occupation, as I said, no matter what the slogans carried by these forces, imperialist or not imperialist slogans. What matters is that the Arab homeland stands in one rank in facing up to the enemy.

[Question] Last question, Brother Abu Iyad. It is supposed to be the first one actually: The nature of your visit to Algeria?

[Answer] In fact, it is neither a tradition nor a routine visit. You know our relations with the brothers in Algeria, brotherly relations in struggle. Now and again we exchange views with President Chadli and with the brother officials of the Algerian FLN party. These contacts bring our viewpoints closer, always. We hear from them and they hear from us. I do not want to repeat what we harbor in our hearts, deep in our hearts for the Algerian

people: love and loyalty in this nationalist and revolutionary march. As I said, we have all respect and love for President Chadli Bendjedid.

Whenever we find ourselves in difficulties or crisis we find ourselves always on his side, and he on our side. Through our contacts with him and his brothers the officials we sense the soul of the Algerian people, and its solidarity on the side of the Palestinian revolution.

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CSO: 4400/125

SAUDI ARABIA

PRINCE TALAL DISCUSSES AID PROGRAM, ARAB DEVELOPMENT, DEMOCRACY

Tunis AL-SABAH in Arabic 29 Dec 85 p 3

[Interview with Prince Talal ibn 'Abd-al-'Aziz, chairman of the Arab Gulf Program for Assisting International Development Organizations, by Muhammad Busunaynah: "Prince Talal in Interview with AL-SABAH: Entrenching Democracy in Arab Homeland and Involving Public Opinion in Political Decision-making"]

[Text] His Highness Prince Talal ibn 'Abd-al-'Aziz, chairman of the Arab Gulf Program for Assisting International Development Organizations, visited Tunisia a few days ago and attended in Tunis the proceedings of the ordinary conference of the AESCO [Arab Education, Culture, and Science Organization] which awarded this year its gold medal of merit to Mohamed Mzali, the Tunisian prime minister and minister of internal affairs, and to His Highness Prince Talal. In view of the important ideas presented by Prince Talal on Arab development and on the importance of the participation of the various Arab sides concerned with achieving development through a democratic method, AL-SABAH conducted with His Highness Prince Talal this interview, which deals with the issue of Arab development and of participation in this development.

[Question] Your highness, to begin, we congratulate you on this medal of merit awarded you and Mohamed Mzali by AESCO. The Arab Gulf program you head focuses its attention on serving humanitarian issues. What is your assessment of this program's services in the Arab homeland?

[Answer] There is no doubt that when the program was set up, its objective was to assist the less fortunate Third World countries on the three continents. The aid advanced by the program to these countries takes the form of non-repayable grants. Our concept differs from that of the official funds or banks that advance loans to these countries at certain reasonable interest rates and recoup these loans in phases. I am satisfied with what the program has accomplished so far. However, we can do more to aid the Third World peoples in one way or another if the response we currently get from the member countries of this program continues, keeping in mind that some of the members were not convinced of the program at the outset. However, they are now fully convinced that the program has performed its message in the required manner. If we get a greater response from the member states, I believe that the program can advance more assistance and greater aid to the Third World countries. We have proven that the small projects supported by the program

are more beneficial than the big projects of which some of these countries boast. This is not an Arab testimony but a foreign testimony. This is why I am satisfied with this program and why I hope that it will get greater support from its member states.

[Question] The social sphere is a broad sphere and the Arab countries focus great efforts on it. How can this sphere be enhanced at the Arab level and how can the burden of disease, poverty, and ignorance be alleviated in order to turn the Arab citizen into an instrument for achieving the Arab man's development?

[Answer] There is no doubt that some Arab countries have made progress in some spheres, such as education or health. However, some have achieved progress in the health sphere, for example, but have not advanced to the level of illiteracy eradication. This is why we have urged a collective Arab effort and why we call for cooperation and integration between the Arab states for the sake of the Arab citizen. This is because this age is the age of blocs--blocs of peoples and their cooperation. Look, for example, at the EEC which is a living model of socially, agriculturally, and technologically advanced countries. Yet, they can only decide on things collectively. This is why I have urged the Arabs to move through the existing organizations. We do not want more organizations or more resolutions. There are existing Arab organizations that must be bolstered and there are resolutions taken that must be implemented and applied practically throughout the Arab homeland. If we talk of one Arab country and disregard another, then I believe that this would be tantamount to wasting time, money, and effort. But if we cooperate and if cooperation and integration are established between the Arab countries in the sphere of development generally and in the sphere of project implementation in particular, then I believe that we will minimize the time needed to catch up with the countries ahead of us, not only the European and American countries but also Asian countries such as Thailand and Sri Lanka. The Arab ambassadors say that Sri Lanka is 100 years ahead of us, even though it is a poor country. All we Arabs need is to train our Arab cadres and to work united and in a collective manner to achieve our development.

[Question] During the AESCO conference, you proposed what you have called a formula of integrative cooperation to build the Arab citizen's future. What are the practical features of this formula?

[Answer] The first feature is unity. We advocate Arab unity but it is difficult, perhaps impossible, to achieve it in the short run. We do not mean here by unity that form of merger or coercive unity but rather a unity by accord between the Arab countries. This objective is the dream of every sincere Arab. But to achieve this dream, we must begin with cooperation and integration in the implementation of projects. Let us take as an example what brother Chadli Klibi pointed out in the 1980 conference in Amman. It is now 1985 and had the Amman summit resolutions been implemented at the time, we would find that they would have had a positive impact on the Arab citizen and that they would

have continued to serve this citizen. But the negligence and aimlessness of some of the Arab leaders and their failure to devote full attention to the development of the Arab man have prevented us from implementing those resolutions.

[Question] But unity is a political decision and this political decision is what has obstructed the development process.

[Answer] This is why I have urged that we first postpone the unity--dream unity--process because it requires a political decision. This is also why I have urged that politics be kept apart and left aside and that the attention be turned to the basic development process. Thus, we can tie the two issues. Arab unity is a dream difficult to achieve in the near or foreseeable future. So let us put the thorny political issues aside and let us turn our attention to development. For example, if the issue of Egypt's return to the Arab League were brought up, wouldn't this lead to a split between the Arab countries? Even Egypt itself asserts that it is in no hurry to return to the Arab League and it has said: Whoever wishes to restore relations with me, like Jordan, is welcome. Therefore, the problem is nonexistent. This is why we have urged that a summit meet to discuss the issues on which there is no agreement or on which it is impossible to agree. We should, for example, give our blessing to the Jordanian-Palestinian movement. But, practically speaking, there are those who oppose this movement. Therefore, the thorny issues can be put aside and we can begin with what serves the Arab man. In this respect, there are numerous issues and the Arab League has countless dossiers. I have mentioned that an Arab League official has told me that 80 percent of the Arab League resolutions have not been implemented.

[Question] You have noted in your address on Arab development that involving Arab public opinion and the media, the consultative councils, and the parliaments is the wisest way to make the political decision that serves the Arab citizen. How can these agencies be involved?

[Answer] A question should be asked before the answer, namely: Who benefits from the Arab leaderships' meetings? Who benefits from the resolutions taken by an Arab summit or other Arab meetings? It is the Arab citizen. Therefore, it is more behooving that we let him contribute his opinion. Our problems, which are presently discussed behind closed doors, should be presented to the public to debate them. Or are these problems considered secrets? If so, to whom?

I regret to say that I have met with a friendly Arab head of state who told me that we hide secrets from each other only to be acquainted with them by a foreign country because there are no secrets any longer. Why do we conceal the debate that takes place on a certain issue from the Arab citizen even though he is the beneficiary? Let us present the problems through conferences, the press, the media, the television, the parliaments, or the consultative councils, if they exist in this or that country. I believe that these are basic issues because the question is not just one of having the public express itself. There is also the right of accountability, meaning: Who should bring

this or that official to account? The public should do this. If there are those who say that this public is not vigilant or that it is backward, then I believe on my part that this allegation is rejected. The Arab public is vigilant and is capable of contributing with its mind and intellect. The public is an actual participant in what takes place, but without speaking up and without being asked by anybody to participate, i.e., secretly. This is why the danger actually lies in the public's participation in the decision making but without its being asked to participate. Why don't we present the problems to the public and ask it to participate with opinions and a dialogue because decisions thus made by a summit or by other meetings will be wiser than the decisions made behind closed doors.

[Question] But this raises the issue of true democracy in the Arab homeland.

[Answer] We fully believe in democracy as a principle. Democracy is based on consultation. In this regard, we have been ahead of many of the world countries. Even though it is historically known that the Greeks or the Romans gave birth to democracy, we have been advocating consultation for 1,400 years. The venerable Koran says: "Consult them on their affairs" and "their affairs shall be conducted in consultation among themselves." In a series of articles in AL-SHARQ AL-AWSAT, Islamic intellectual Khalid Muhammad Khalid said that democracy is Islamic even though the word is Latin. Surely, when we call for public participation in decision making, then this is a form of democracy. We have also said that this democracy can be exercised through parliaments or consultative councils, thus presuming the presence of such institutions. But in the long run, it is difficult to imagine a society capable of developing itself without following the democratic system.

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SAUDI ARABIA

SOLAR ENERGY USE IN KINGDOM DESCRIBED

Riyadh AL-RIYAD in Arabic 20 Dec 85 p 4

[Interview with Dr Bakr Khushaym, director of solar energy programs at the National Science and Technology Center, by 'Abdallah al-Zahrani]

[Text] Bolstering and encouraging scientific research and constant coordination between the scientific activities of the scientific research centers and institutions in a manner compatible with development requirements constitute one of the mainstays to which the state has devoted major attention because future trends dictate that we develop our scientific capabilities and keep pace with the technological changes.

With the presence of a suitable solar environment, the kingdom has tried to utilize this energy, especially since the kingdom is characterized by the availability of this source of energy. The kingdom has moved toward bolstering scientific research in this sphere through the executive agency concerned with this research, namely the National Science and Technology Center. AL-RIYAD conducted the following interview with Dr Bakr Khushaym, director of the center's solar energy programs:

[Question] What is the main objective behind establishing the kingdom's solar energy project?

[Answer] Even though preserving the kingdom's oil resources is a main reason behind developing solar energy in the kingdom, there are several other facts which make this source of energy especially suitable for exploitation. The most significant of these factors are the abundant sunshine in the kingdom throughout the year and the wish of the kingdom's government to have development cover every part of the kingdom. It is well known that there are widely scattered population concentrations (nearly half the population) in the kingdom's vast area. This does not make it easy to transport fuel or to supply these concentrations with electricity from the general network because of obvious technical and economic reasons. Therefore, it is more convenient and less costly to supply remote villages with solar energy sources on the spot. A number of studies have proven that the ideal strategy is to utilize solar energy for complete rural electrification whereas it is better to combine conventional energy with solar energy in the urban areas. This is why we find that the solar village project is serving 3 Saudi villages, namely al-Jubaylah,

al-'Ayniyah, and al-Hijrah, with a population of more than 4,000 citizens, and is supplying them with their electricity needs. We have another project to use solar energy for the desalination of seawater to serve the same purpose, i.e., serve small villages. An experimental desalination plant has been built in the city of Yanbu' to put these applications into practice. One of the modern applications of the solar energy technology implemented by the National Center is a project to use photoelectric energy in lighting a number of tunnels and traffic signs on the kingdom's roads in parts remote from the electricity network. There are other similar projects which prove clearly that solar energy technology is one of the technologies most suitable for the kingdom's conditions.

Call for Rationalization

[Question] It is well known that the kingdom is one of the biggest oil producers and has a large reserve. Turning to alternatives may affect oil production. What is the Solar Energy Directorate's viewpoint in this regard?

[Answer] The kingdom, which is the number-one oil exporter in the world, was the first to realize that oil will be depleted some day. This fact is one of the most important strategic bases on which the kingdom's development plans have been founded, considering that one of the main objectives of these plans is to diversify the economic base and not to rely on a single source, namely oil revenues. It is necessary for the kingdom to prolong the lifespan of its oil reserve as much as possible. The kingdom calls for rationalizing the consumption of hydrocarbons to turn out products yielding a greater benefit to mankind and it encourages the discovery of alternate energy sources. This is why the kingdom has adopted projects to develop alternate energy and projects to develop solar energy technology.

Opportunity Is Open for Them

[Question] Does the plan include training Saudi cadres and what is the number of specialized Saudi youth working at the center?

[Answer] A considerable number of Saudi youths are, God be thanked, taking part in managing the solar energy projects and they always have the opportunity to attend special courses, conferences, and symposiums to gain a greater knowledge of the new developments in the solar energy field. But we should not forget that the projects implemented by the center in cooperation with friendly countries to develop solar energy uses are altogether experimental research projects. Therefore, the opportunity is open for Saudi researchers in the universities and the specialized scientific sectors to benefit from these projects to develop applied research. I would like to point out that the center organizes an annual program for advanced students in the science colleges to attend summer courses outside the kingdom to enhance their awareness and knowledge of the latest developments in the field of solar energy. This in itself is a kind of training for Saudi youth.

[Question] What, in your opinion, are the main reasons for not using solar energy at present as an alternate source of energy in the various areas of life?

[Answer] The present unavailability of technologies that use solar energy is the immediate reason as well as the failure to use solar energy on a larger scale for refrigerators, radios, and televisions and other ordinary means of life. We find that the advanced world's scientific research and experiments are nowadays geared toward exploiting solar energy for ordinary uses. This may be achieved soon.

[Question] What point has been reached in the coordination between the Solar Energy Directorate and the private sector to utilize solar energy in all directions?

[Answer] The activities carried out by the center in the sphere of solar energy are altogether experimental research activities to be utilized in the kingdom's development. These activities include, for example, the solar village project in al-'Ayniyah; projects in agriculture, water desalination, and refrigeration; and projects to light tunnels and to operate traffic lights on roads where it is impossible to use electric power because of their ruggedness and remoteness from the usual sources of electric power. These and other activities to follow them will, God willing, altogether serve this dear country and its citizens.

Kingdom's Solar Radiation Atlas

[Question] Can you please give us an idea of the kingdom's solar radiation atlas and its benefits?

[Answer] The center has prepared the first colored solar radiation atlas for the kingdom with the help of solar measurement data gathered manually by the Ministry of Agriculture from 1391-1400 of the Hegira. The center also enlisted experts from the Belgian Royal Meteorological Institute to analyze the data and complete whatever is missing in the data's evaluation sequence, to extract the averages and equations by comparing this data with similar data, and to arrange them in graphs and maps that demonstrate the sunshine period and the total degree of solar radiation on horizontal surfaces.

Cooperation with Universities

[Question] What degree has practical experimental cooperation reached between you and the Saudi universities?

[Answer] Cooperation with the kingdom's universities is, God be thanked, tangible and constantly growing in all the scientific fields connected with solar energy, as demonstrated by the following:

1. The kingdom's biggest universities, namely King Sa'ud University, King 'Abd-al-'Aziz University, the Petroleum and Minerals University, and King Faysal University, are engaged in experiments on refrigeration by solar energy. King Faysal University has designed a system which combines the principles of passive solar refrigeration with the architectural structure of a model house. The research will provide documentary references on the construction process. The experiments also observe the system's performance to evaluate the degree of the success of these principles in allocating the demand for energy. The main distinguishing feature of this experimental model is the air vent that will be fitted with equipment to measure the engineering feasibility of this new principle. The King Sa'ud University system employs two absorption water coolers operating on lithium bromide to study active solar cooling. The solar collectors with hollow piping supply energy to the absorption motors of the collector's subsidiary system and to the multi-position cooling tower which uses wet, semi-dry, and dry systems. An evaluation will also be made on a thermoelectric system supplied with energy by flat solar panels. The Petroleum and Minerals University also focuses its efforts on active solar refrigeration. It has designed and assembled a model fitted with a solar air conditioner operating according to the Rankin cycle and using hollow pipe collectors, a basin having reflectors with equal segments, and a condenser cooled by air.

King 'Abd-al-'Aziz University in Jiddah is designing, building, and testing an active solar refrigeration system capable of air-conditioning one of the engineering laboratories at the Engineering College. The system operates according to the Rankin cycle to generate electric power supplied to a conventional refrigeration system. The system employs solar reflectors with equal segments. The project also calls for building a solar observation station. All these systems will be used as solar refrigeration research laboratories to strengthen solar studies and research programs at the universities.

[Question] Is it possible to expand the use of solar energy in the kingdom?

[Answer] By virtue of the pure solar energy with which God has blessed the kingdom, this kingdom is eager, with the guidance of its wise leadership, to utilize its natural resources, knowing that oil is depletable. The kingdom abounds, God be thanked, with natural resources which include solar energy. Proceeding on the basis of its objectives, led by the objective of bolstering scientific research, the center is engaged in several solar energy projects and studies which have already been noted. The center is eager to utilize this source by continuing its research, development, and applied experiments, especially since the accomplishments achieved so far encourage continued expansion in the use of solar energy.

Solar Energy in Service of Agriculture

[Question] What are the aspects of solar energy utilization in the kingdom's agricultural sphere and are these aspects economically feasible?

[Answer] The growing demand for food on the one hand and the rapid depletion of the mineral fuel reserve on the other hand underline the extent of the need for a new system of food production through the use of renewable energy sources. It is well known that there are vast cultivable areas and that the obstacle is the lack of water or the high cost of pumping water from its underground sources. In such areas, many of which exist in the kingdom, agriculture in a controlled or modified environment becomes the ideal means for increasing food production. The system or greenhouse agriculture controls the unsuitable environmental conditions and reduces water consumption to a minimum.

The objective of greenhouse agriculture supplied by solar energy is to develop a solar energy system performing the dual task of electricity generation and water desalination. This is in addition to constructing greenhouses according to the latest technological methods. Within the context of this project, I have studied the various obstacles impeding its implementation in the kingdom. The availability of the requirements that make the production of these greenhouses an economically feasible process makes it possible for the private sector to implement such projects at the commercial level. The studies conducted have resulted in designing three different types of greenhouses and these designs are ready to be implemented.

[Question] It is said that the maintenance of solar energy systems is economically expensive. What is your comment?

[Answer] Contrary to what you said, solar energy is not expensive. Experiments have proven that the maintenance needed by electrical equipment in a period of 3 years is not needed by similar solar energy-operated equipment in a period of 15 years. Add to this the side effects of environmental pollution caused by oil but not by solar energy, the fact that oil is depletable whereas solar energy is lasting, God willing, and the fact that solar energy can be generated on the spot, meaning that it does not need to be transported like oil.

[Question] Can the farmer make use of solar energy in greenhouses at present? Please explain.

[Answer] The center is conducting experiments in this sphere to utilize solar energy in agriculture, in addition to operating greenhouses. The purpose of experimenting with agriculture in greenhouses operated with solar energy is to combine the benefits of greenhouse agriculture and the utilization of solar energy in agriculture to prove the commercial feasibility of such facilities and installations. The project comprises two phases. The first is to prepare the preliminary designs and cost analyses. The contracts for this phase have been awarded to the SESEA [Saudi Engineering and Solar Energy Applications] firm, the (Panel) Columbus Laboratories, and the Scientific Applications Company. The three companies have prepared the necessary designs. To achieve the desired scientific benefit, nine volumes have been prepared, containing the designs drafted for greenhouses relying on solar energy, all the details needed by design engineers, and a brief report on these designs as a reference for studies connected with this project.

[Question] How is solar energy utilized to desalinate water?

[Answer] The project to desalinate water with solar energy is one of the projects to which the joint Saudi-U.S. program has devoted its attention by virtue of the length of the Saudi coastline on which exists a number of remote villages that need drinking water to be transported to them. Such transportation requires time, extensive labor, and a large sum of money. This is why a small desalination plant operating on solar energy has been built in Yanbu' for the purpose of experimentation. This plant costs \$18 million. An idea can be given about the project from its initial phases and until it produces fresh water.

Solar Energy Collection

Solar energy is collected in 18 collectors, each with an area of nearly 80 meters and consisting of 4 panels. Each panel consists of 27 mirrors and these mirrors collect the sun's rays, multiply them 80-fold, and reflect them to the ground receiver located within the concave dimension of the collector. The solar collector pursues the sun along two axes: the first relying on daily timing and the second following the course of the sun in the sky--a course which changes every day of the year. The purpose of this pursuit is always to let the sun fall vertically on the collection surface and then to reflect it to the receiver. This pursuit is controlled by a regulator linked to a computer programmed especially to move the collectors in the right direction.

Solar Energy Storage

When the solar collectors are in the right direction and when the rays are reflected to the receiver, a kind of heat-conducting oil passes through the receiver to absorb whatever heat is collected and then carries this heat to special storage cells where the oil is cooled. These storage cells are made of steel mixed with carbon and are coated by a thick layer of an insulating substance. The substance used for storing the heat is saline water which can retain the heat for a long time.

The storage apparatus can retain enough heat to keep the desalination parts in operation for nearly 8 hours. The storage efficiency (recovered heat/stored heat) amounts to 96 percent.

Generating Motive Force

This motive force generates the energy needed to operate the main phase, namely desalination. The hot water, with a temperature of 358 degrees celsius, is pumped into a heat-transmitting apparatus and emerges from this apparatus as saturated steam with a temperature of 248 celsius. This heat is then passed through a boiler where its temperature rises to 359 degrees celsius under a high pressure of 3,800 kilopascals. This steam runs into a steam motor run by the heat carried in the steam and this motor then turns on an ammonia compressor. Ammonia is used in the main cooling cycle. This is the process called

refrigeration. The heat which remains in the steam after it emerges from the steam motor and which is at 115 degrees celsius and under a pressure of 1,700 pascals is used for secondary cooling, known as the process of cooling by absorption.

Desalination

It takes place through the process known as indirect freezing. By this process, seawater is cooled to a temperature of less than 0 degree celsius. The purpose of this freezing is to raise the water saturation point, considering that this saturation point rises with the drop in temperature. Therefore, when the water temperature drops to the freezing point, the water's capacity to carry or melt solid substances (salt in this case) disappears. Consequently, the water particles are separated from the frozen water particles. Before the saline water is introduced into the cooling cycle, it is mixed with water emerging from a preceding cooling process so as to reduce its temperature further.

After freezing, the mixture of salt and ice is pumped into an apparatus where seawater is mixed with the solution coming out of the freezer and another solution coming from an inverse separator. The salt and ice solution are then pumped to the inverse separator. Here, two processes take place simultaneously: the mixture is sprayed with fresh water rotating above the separator. This spray washes away the ice particles from the salt and the salt is swept into a vessel surrounding the separator.

It is worth noting here that the energy needed to lower the water temperature from 35 degrees celsius to 0 celsius is much less than the energy needed to raise water temperature from 35 degrees to 100 degrees celsius so as to evaporate water, as is the case in the conventional methods used for water desalination.

Another big advantage of this project lies in the fact that no part of the main apparatus, namely the desalination apparatus, is raised to a high temperature. This is very advantageous because the fact that the temperature remains low eliminates the problem of rust, which is the main problem in desalination plants. Moreover, the heat remaining in the steam emerging from the steam motor is usable.

The benefit of solar collectors is that they are easy to maintain and that their parts are easy to replace when necessary, considering that each consists of parts that can be disassembled easily. Damaged parts can be replaced without touching any of the undamaged parts.

[Question] What distinguishes solar energy from the other energy sources in the kingdom?

[Answer] Solar energy in the kingdom is distinguished from the other sources by:

1. It perpetuity.

2. Its purity.

3. Its availability in all parts of the kingdom.

This is in addition to the fact that the costs of solar energy are low, as I have already mentioned, and the fact that it is safe insofar as its effect on the atmosphere is concerned.

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CSO: 4404/206

SAUDI ARABIA

BRIEFS

DEVELOPMENT LOAN FOR TUNISIA--Bahrain--The Saudi Fund for Development signed an agreement for a loan of 100 million riyals to Tunisia to help fund a rural development program. The program, expected to be complete by 1991, aims to raise livestock and agricultural output to reach self-sufficiency in food production and create rural employment. Its aim is to develop farming, water resources, soil, pastures, sheep raising, bee-keeping, fishing, housing and public utilities. /Text/ /Dubayy KHALEEJ TIMES in English 27 Feb 86 p 15 GF/ 12228

IMPORT AGREEMENT SIGNED--Jeddah, 2 Mar (SPA)--An agreement was signed at the Islamic Bank headquarters in Jeddah today between the bank and Iraq to finance the import of fertilizers in favor of Iraq worth U.S. \$10 million. The agreement was signed on behalf of the Islamic bank by its Chairman Dr Ahmad Muhammad 'Ali and on behalf of Iraq by 'Abd al-Malak al-Yasin, the Iraqi ambassador to the Kingdom. With the signing of this agreement, the total financing allocated by the bank in favor of Iraq since the beginning of this year now reached U.S.\$32 million. /Text/ /Riyadh SPA in Arabic 1430 GMT 2 Mar 86 GF/ 12228

CSO: 4400/121

UNITED ARAB EMIRATES

BRIEFS

TRADE BALANCE SURPLUS--Abu Dhabi, 25 Feb (WAKH)--The UAE trade balance surplus in the first half of 1985 reached 14.6 billion dirhams compared to 15.3 billion dirhams in the first half of 1984. This is a drop of 4.5 percent. The UAE Central Bank economic bulletin reported that the value of the petroleum products dropped from 20.8 billion dirhams in the first half of 1984 to 19.7 billion dirhams in the first half of 1985, a drop of 5.3 percent. Gas exports rose during the same period from 2.4 billion dirhams to 2.6 billion dirhams, an increase of 8.3 percent. /Summary/ /Manama WAKH in Arabic 0900 GMT 25 Feb 86 GF/ 12228

IMPORT STATISTICS--Abu Dhabi, 26 Feb (WAKH)--The UAE Central Bank issued a report stating that from 1981 to 1984 UAE annual imports fell from 35.409 billion dirhams to 25.463 billion dirhams--equivalent to a 28 percent decrease. /Summary/ /Manama WAKH in Arabic 0850 GMT 26 Feb 86 GF/ 12228

TELECOMMUNICATIONS AGREEMENT--Abu Dhabi, 27 Feb (WAKH)--An agreement was signed today between the UAE Ministry of Communications and the International Radio Co. Ltd. /name as received/, according to which the company will operate the UAE aviation regional information center. /Excerpt/ /Manama WAKH in Arabic 1215 GMT 27 Feb 86 GF/ 12228

CSO: 4400/121

INDIA

PROBLEMS SURROUNDING PURCHASE OF U.S. EQUIPMENT NOTED

Pentagon Opposition Examined

Bombay THE TIMES OF INDIA in English 15 Feb 86 p 1

[Article by J.N. Parimoo]

[Text] Washington, February 14--The Pentagon is opposed to the transfer of any sensitive military technology to India.

The U.S. would like any country receiving such information to sign a special security agreement called GSOMIA (General Security of Military Information Agreement).

The U.S. military top brass as also the intelligence agencies, the CIA and DIA, believe that the memorandum of understanding signed between the two countries does not adequately protect American military technology from the risk of retransfer.

According to a reliable American source, the government of India had been asked to examine the possibility of signing GSOMIA, but it refused to do so.

The government, according to this source, has suggested that it might be willing to make some modifications in the memorandum of understanding MOU to tighten its provisions and to meet the risk perceptions of the Pentagon. "India has shown preference for some other arrangement--something other than GSOMIA."

On-Site Inspections

The signing of GSOMIA could cause political embarrassment to the Rajiv Gandhi government because some of the provisions of this security agreement might require on-site inspections of Indian military facilities using the American technology.

These inspections would have to be carried out by American military personnel and would, therefore, impinge on Indian sovereignty. For that reason alone, GSOMIA would be unacceptable to India.

According to a top military source, it is very unusual for sensitive technologies such as advanced jet aircraft engines, supercomputers or advanced stabilisation or sensor equipment for tanks, to be transferred to any country that does not sign GSOMIA.

"We know India wants to acquire these technologies with the least political fuss, but then we are facing a spy problem in our own country. Our system is not perfect. We want to make sure that adequate precautions are taken to guard against any leakage in the country to which such sensitive technology is transferred," the sources said.

ID Cards

In the case of supercomputers, the first of which is expected to be supplied to the Indian Institute of Science in Bangalore within the next six to eight months, it has been suggested that first a strict system of identification cards be introduced to provide access only to trusted personnel carrying high security risk clearance.

Secondly, all foreign nationals should be denied access to the supercomputer.

It has also been suggested that export laws should be amended to ban any export of print-outs or any other material flowing from the supercomputer. "We take such precautions here. It should be no problem for India to do so."

The White House will have to intervene and over-rule Pentagon opposition if sensitive military technology is to be transferred to India without the signing of GSOMIA.

But a dependable and stable long-term arms supply relationship cannot be built, it is argued here, on the basis of ad hoc interventions by the White House.

Such a relationship has either to be structured on a permanent dependable foundation or India should seek comparable weapons technologies from Western Europe or wherever these are available.

China has sought some sensitive military technologies from the U.S. for co-production. So far it has not asked China to sign GSOMIA. Asked to comment on this obvious discrimination between China and India, a top Pentagon source said the two countries represented two different political situations.

He was perhaps suggesting that China's antagonism towards the Soviet Union was by itself guarantee enough to prevent any leakage and that in the case of India the situation was different. He also explained that the U.S. had no so far decided to give to China anything comparable to what it might give to India.

China's Case

"If we give them (China) that level of sensitive technology we would ask them to sign GSOMIA. But in the case of China that may not be necessary."

A senior Indian diplomat visiting Washington recently wondered "why should they want us to sign GSOMIA." We want technology and not military information.

"GSOMIA, as the word itself suggests, covers security of military information which would mean military intelligence. We are not asking for that. For us the MOU (memorandum of understanding) is enough."

Insisting that he should not be identified, this diplomat further said, "they (the Americans) were sharing military intelligence with China and yet they have not signed any GSOMIA. Why should we? Pakistan is another matter. It may have signed several such agreements. Who knows?"

U.S. Firms Ready To Collaborate

Madras THE HINDU in English 16 Feb 86 p 12

[Article by G.K. Reddy]

[Text]

NEW DELHI, Feb. 15.

About a dozen leading American firms specialising in defence production, such as Lockheed, Northrop, General Electric, Grumman, RCA, Bowen-McLaughlin and Vitro Corporation, are ready to collaborate with India to help design, develop and produce airframes, aero-engines, avionics, missile-tracking devices, radar systems, advanced satellite-based communications, electronic fire control mechanisms, anti-tank weapons, sensor and night vision equipment for modern warfare.

Many of these giant companies which have made their own surveys of the Indian requirements are waiting the evaluation of the collaboration prospects by the U.S. defence team due to arrive in India next week for wide-ranging discussions with the Government.

The team headed by the U.S. Deputy Under Secretary of Defence for Research and Engineering, International Programmes and Technology, Mr. Talbot Lindstrom, was to have visited India last month, but the trip was postponed because of the non-availability of a military transport aircraft which is a status symbol for all Pentagon delegations sent abroad on similar missions. A State Department team came to India recently for a review of the working of the Memorandum of Understanding (MOU) on high technology transfer signed 15 months ago followed by an agreement on implementation procedures.

A big hurdle still to increased Indo-U.S. co-operation in defence production is the continued American insistence on fuller safeguards to prevent leakages of sensitive technology to

third countries, especially the Soviet Union. The farthest extent to which the Government of India had gone during the protracted negotiations on the MOU was to offer to associate the U.S. with any inquiries that might be made into complaints of unauthorised diversion of equipment or leakage of technical information.

U.S. firm on demand: But the U.S. has not given up its demand for a more comprehensive agreement providing for the right of periodic inspection to ensure that the equipment sold or technology transferred under the MOU is used strictly for the authorised purposes. It has been pressing for what is known as General Security of Military Information Agreement (GSOMIA), which will entitle U.S. defence experts to visit Indian military installations to ensure full compliance with the stipulated conditions.

This issue will have to be sorted out at higher political levels after the visiting U.S. defence team discusses with Indian experts the country's requirements and the nature of the technological cooperation that is being sought by India for achieving a greater degree of self-reliance in defence production. The talks next week will be more in the nature of a survey of India's needs and feasibility studies of the country's capacity to absorb sophisticated technology for developing its own weapons systems.

One of the Indian requests is for assistance in modernising the Vijayanta tank by improving its engine performance and upgrading its firepower with the latest American developed devices. This will give India enough respite until the country's defence scientists are able to develop a Main Battle Tank of indigenous design.

Defense Systems Not Contemplated

Calcutta THE TELEGRAPH in English 18 Feb 86 p 5

[Text]

New Delhi, Feb. 17 (UNI) India will not buy any weapons systems or weapons platform (aircraft) from the United States, informed sources said today.

Commenting on reports from Washington that a Pentagon team was coming here on February 20 to finalise deals for arms sales, the sources said the delegation would only discuss the question of selling some defence sub-systems like tracking radars, and electronic equipment, including the sale of a few American F 404 jet engines for Indian light combat aircraft.

The sources said that no agreement would be signed during the four-day visit of the American team, led by the US deputy under secretary for research and engineering, international programmes and technology, Mr Talbort Lindstrom.

The sources said: "We have no such plans to sign any agreements as such, nor are we intending to go in for big collaboration with the US in the military field." The intention was to only import some technology to improve the performance of the Indian weapons systems.

The American team would have discussions only on some technical issues. No Indian research plans would be mod-

ulated or abandoned if some American technology was imported, the sources clarified.

The Pentagon team, which consists of representatives of some American defence laboratories and organisations, was essentially coming here to return the visit to US by Dr V.S. Arunachalam, scientific adviser to the defence ministry, in August.

Sources said India would not compromise on anything nor would it expose any defence systems—Indian or imported—to the American team.

They said India was looking at the American F 404 engine, the British Rolls Royce RB 199 which fits the Tornado aircraft, and engines from Sweden, France and the Soviet Union.

The Indian light combat aircraft (LCA) will be fitted with the indigenous GTX jet engine which is now being developed. The LCA will begin flight trials in 1989 and enter squadron service with the Indian Air Force in 1991.

Only the first few such aircraft will be fitted with imported engines, pending the clearance of the GTX engine. The US team will hold discussions with defence ministry officials and visit Bangalore.

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CSO: 4600/1461

INDIA

COMMUNIST PAPER WRITES ON INDO-U.S. RELATIONS

Bhagat U.S. Visit

New Delhi PATRIOT in English 15 Feb 86 p 4

[Article by Mohit Sen]

[Text]

External Affairs Minister Baliram Bhagat has made an extensive and important visit to the US. He has gone to a fair number of cities and, what is more important, met Reagan, Bush, Weinberger and Shultz apart from members of the US Congress and the intelligentsia. It looks as if it must have been quite an educative visit, hopefully in a two-way flow. Hopes, however, should not become dangerous illusions.

The reports that have appeared in many of the dailies published from the Capital about Mr Bhagat's visit, however, do give rise to grave concern. It would appear that, as is their well known tactic, the US authorities have given the impression that they are willing to provide India with high technology instruments.

But they demand a price. And that price is only a "slight" modification in the foreign policy of the government, especially as far as friendship with the Soviet Union is concerned and, in particular, in relation to Afghanistan. At the moment the price that is being demanded is a signal. What is wanted by the US ruling authorities is a signal that there are possibilities of Mr Rajiv Gandhi making an

important departure from the time of policy initiated by Nehru and developed by Indira Gandhi. This was essentially a patriotic, anti-imperialist line of policy which necessarily includes in its ambit, friendship with the Soviet Union.

The External Affairs Minister, it appears, did not forward the official views and concerns of our country. He, evidently, repeated the worry that is felt about the continued and increased supply of ever more sophisticated weaponry to Pakistan. He also expressed the oft-repeated anxiety about the military junta of that country acquiring a nuclear weapon with the barely concealed connivance of the Reagan administration.

It is not likely that Mr Bhagat spoke to the high-level representatives of the US administration whom he met about the total lack of response by them to the Six Nation Appeal on the immediate cessation of all testing of nuclear weapons. One can legitimately wonder whether he mentioned the fact that the Government of India wanted the quickest possible convening of the long-postponed international conference on the Indian Ocean so as to

secure the withdrawal of all military forces and dismantling of all military bases in the area. The Prime Minister was himself stressing this point at this precise moment of time during his visit to the Maldives.

But what is quite certain and also certainly disconcerting was what the External Affairs Minister did state. These statements have appeared with the necessary and appropriate quotation marks in, among other papers, *The Hindustan Times* which can scarcely be considered an anti-government paper.

First, take the illusions which the report spreads and makes it appear as being shared by Mr Bhagat. "India will get the super computer — the Minister initially said he was given such a 'hint'. He changed that to say he was 'hopeful'." (*Hindustan Times*, 9 February).

India may get the super computer. But it would be on US terms and at a date of its choice when the computer concerned would no longer be so super and when much time would have been lost in the matter of indigenous computer research.

Another illusion is with regard to concessional aid. The External Affairs Minister explained that India's "modernisation and liberalisation campaign" would be difficult to sustain without such aid. He felt that the US had a better understanding of India's needs. Indeed, the "high point" of his visit was "India's first high level appeal to the Reagan administration to refrain from cutting India's share in the International Development Association".

It can be confidently stated on the basis of past experience as well as the reports of what the World Bank itself wants India to do, i.e. go in for commercial borrowing, that this appeal will be treated with contempt. It should never have been made on both practical considerations as well as to safeguard our national dignity.

All that will happen after this appeal is that the Reagan administration would be encouraged to go in for more arm-twisting. The late Mr Krishna Menon always used to correctly state that the US administration could really be brought around to even think of being helpful if it knew that you could kick it on its backside and would be ready to do so. This certainly does not seem to have been the style of Mr B R Bhagat.

Sure enough, after the appeal more pressure was applied and the Minister appears to have yielded ground. It is stated that he declared on 7 February that "the Indian Government favoured the 'Finlandisation' or 'Austrianisation' of Afghanistan, as a way to render that country 'neutral and nonaligned'?"

Not only has this never been stated before by the Government of India but it is an odd definition

of "nonalignment" and could be construed as interference in the internal affairs of a sovereign and friendly neighbour. We want that all forms of interference in Afghanistan should cease so that conditions could be created when the Afghan Government would no longer feel that Soviet troops are needed for its security and sovereignty.

Worse was to come. The same paper on the same day reports that "the Minister indicated to Indian journalists that he would 'study' India's voting record in the UN General Assembly. Many in the US Government feel that the UN voting record should be used as a yardstick to determine American aid.... One of the main proponents of this idea, Senator David Patrick Moynihan, reportedly complained about India's 'pro-Soviet' votes in the UN, when the Senate Foreign Relations Committee met with the visiting Minister."

Why on earth should such a "study" at all be made and that, too, at the bidding of US Senators? Mrs Indira Gandhi has gone on record to state that more often than not it has been the Soviet Union which has voted with India and other nonaligned states.

Surely, it is not now going to be the official Indian view that there is need to study whether in fact we had a "pro-Soviet tilt". This, too, was answered by the late Prime Minister when she stated right in the US that we do not tilt at all but stand upright! Why should there be any deviation at all from this patriotic and forthright position?

Let it also be remembered that Mr B R Bhagat has gone about

being unnecessarily "conciliatory", if not supine, only a few days after the Government of India has officially charge-sheeted the US intelligence agencies of trying to subvert the political system of our country. The legitimate doubt rises as to which of the two is the standpoint of the Government of India.

Even more important is the issue as to what is the signal that the Government of India wishes to convey to our people, to the Reagan administration and to the whole wide world. Shall we agree to "study" our international positions because of complaints emanating from the "subverters" of our political system?

Which of the two signatures are to be treated as more authentic and to be taken more seriously by all concerned? Or are we to assume that there is no coherent stance of the government and no command centre which, at least, knows its own mind?

Whatever may be the answers one gets from official quarters to these questions and doubts, if at all there is any response, it is quite clear what is in keeping with the good traditions of independent India and with our national interests.

India certainly needs pre-eminently to keep in view its own interests and its own experience of how other states have responded to these interests. This requires not just care and circumspection, to say the least, when one is dealing with the Reagan administration. It requires, above all, a fierce sense of national honour and dignity.

Mr B R Bhagat's visit has fallen short of these requirements. The damage he has done needs to be repaired and that, too, urgently.

U.S. Objectives Analyzed

New Delhi PATRIOT in English 17 Feb 86 p 4

[Article by V.D. Chopra]

[Text]

Indo-US relations in the mid-eighties are undoubtedly taking a new turn. There are various indications to this effect. The recent meeting of the Indo-US Joint Commission co-chaired by External Affairs Minister B. R. Bhagat and US Secretary of State George Shultz, has cleared the way for the long-awaited sale of super-computer to India, according to official sources. It is expected that this deal will be clinched and actual sale will be completed during the current year itself.

The agreed minutes of the Indo-US Joint Commission are perhaps the most significant in the sense that there is an acknowledgement of "the continuing need for India's access to concessional finance". The American attitude towards India, on the IDA lending, is softening, and there are indications that the continued decline in India's share — from 40 per cent in 1980 to 22 per cent in 1986 — may get halted in the next IDA. What is more revealing is that the donor countries may no longer insist on parity between India and China.

Quite apart from these indications, a technical team from the US Department of Defence will arrive in New Delhi during the current week to continue discussions on co-operation in areas of defence research and production. One of the areas under review is US participation in development of India's light combat aircraft (LCA). The American delegation is being led by Talbot Lindstrom, Deputy Under-Secretary of Defence for research and engineering.

It is also significant that currently the US has become India's single largest trade partner, accounting for 18 per cent of India's overall exports and 13 per cent of its total imports. India's share in the US trade, however, is insignificant, making up only 0.7 per cent of that country's overall imports.

No objective estimate in these tendencies can be made if one ignored the fact that relations between India and the US are part and parcel of the overall system of links in which they have a definite role to play within the framework of built-in principles of the system. However specific and self-determined these links may be, ultimately they are components of contemporary global relations in their totality.

India, as it emerges as a major economic power among the developing countries and acting as a force in its own right, and questioning imperialism over a wide range of issues of politics and economics, has begun now to attract more attention of the Pentagon than, say, in the seventies. It will not be incorrect to say that in the mid-eighties, the US policy towards India has become more sophisticated than it was during the last three decades. This, of course, is a tentative conclusion and is based on the studies conducted by US scholars and policy-makers.

However, it appears that from a policy of blackmailing and bullying India through economic, political and military levers as, for instance, happened from the fifties to the seventies, now a new approach has been evolved. Yet, to assess its concrete manifestations and direction a lot of intellectual inputs are needed.

Nonetheless, the 'new' American policy towards India has two main objectives. These are new in the sense that new techniques are being used to achieve them, and that too in a world situation when more and more countries are opting out of the world capitalist system.

The outstanding feature of the liberation process of the former colonies and semi-colonies in the seventies and the eighties has been the

appearance of a new group of countries orienting themselves to socialism. Compared to its predecessors of the sixties, this group, on the whole, has been characterised by a greater purposefulness and clarity of purpose from the very beginning. There is yet another factor, which needs to be noted before analysing the US objectives in India.

India, of course, is following the capitalist path of development. However, unlike the other developing countries which too have chosen the capitalist path of development, capitalism is developing on a broader and more democratic basis in India. Some foreign scholars have described it as capitalist development from below.

Nonetheless, the Indian road to economic regeneration and liquidation of vestiges of colonialism have certain specific features. One cannot go into them in a short article. But some of these specific features are: (a) higher level of economic diversification; (b) a more developed internal market; (c) rapid growth of the small and medium-sized entrepreneurs; (d) setting up of modern economic structures even in the most sophisticated areas; (e) steep increase, both qualitative and quantitative, in indigenous talent; and (f) decreasing dependence on foreign aid.

This does not mean that capitalist development in India, is of an "exceptional" nature and is not leading to concentration of wealth and pauperisation of the people. Both these developments are taking place simultaneously.

It is this policy of self-reliance which some scholars have described as an "independent" path of development, which is the basis of India's foreign policy of nonalignment and anti-imperialism.

Let us look at the problem from another angle.

At a time when in the geopolitical perception of the Pentagon, South Asia and South-west Asia have come to occupy a "most important strategic position", a new anti-imperialist ferment has surfaced. The US citadel of Shah of Iran crumbled overnight. Another American fortress — Pakistan — is witnessing an unprecedented anti-imperialist mass upsurge. And what has happened in the Philippine elections must have come as a big surprise to the US policy-makers.

Seen against this background, it is not difficult to understand that the US needs India and that too an India which is more friendly to it than ever before. That being the position, US imperialism has a big stake in a close fusion of India with the world capitalist system, and in promoting the capitalist mode of production conforming to its interests. This is the long-term objective of US imperialism.

Secondly, Washington does not want that India should emerge either as a potential rival to it in the world market, in the Asian market in particular, or as another centre of power.

These two different objectives, although with somewhat organically interconnected approaches, are influencing US policy towards India in its current phase. The most important component of this new strategy of US imperialism is neocolonialism, designed to draw India closer to the capitalist orbit and to decrease its economic independence.

The main role in this strategy is assigned to economic levers because the US policy-makers perhaps have begun to realise that non-economic methods of coercion and subversion alienate them from the entire Indian nation, including those monopoly houses which have economic links with them. It appears that a new mix of economic levers, political and military pressures and subversion is being used to deflect India.

At the same time, it will be against India's national interests to ignore the fact that the Pentagon has undertaken a new exercise of

building political structures of global and regional importance on the basis of bilateral agreements and "strategic cooperation" with Pakistan, Saudi Arabia, Oman, Somalia and Sudan. Modern American weaponry, offensive by its characteristics, is supplied to those countries on the basis of such agreements, and to Pakistan in particular. In exchange, as the example of Pakistan clearly shows, the US seeks military bases for different aims and purposes: from support to RDF operations to deployment of Pershing-2 missiles.

What is of far-reaching importance is that these political structures are viewed in Washington as "transitional", and the ultimate objective is to create new military blocs in which some of the Asian states would be active participants. The Pentagon has not given up the hope of setting up a so-called Middle East Treaty Organisation to replace the now defunct CENTO. Pakistan, of course, will be the launching pad for this proposed treaty. This conclusion is not based on any subjective estimate. One has to carefully read the US literature on defence to come to this conclusion.

The revival of the military-bloc strategy has created a situation in which the Asian states, India in particular, are facing an immediate threat to their security. A communique of the NATO Defence Planning Committee has announced, for instance, that if after consultation with its allies the US takes any action in the remote areas of the world, this or that allied country would make on the basis of its national decision an "important contribution" to the security of the alliance by providing its installations to facilitate the deployment of forces necessary to enhance the "effect of containment" in such areas.

In the US aggression against Grenada, some countries of the Caribbean "cooperated with Washington strategically". And now Libya has begun to face a similar situation.

Non-official Indian defence experts who do not belong to any political trend have admitted that in the Indian Ocean region, Pakistan

has been assigned the role of a 'springboard'. There are plans to establish in Pakistan regional headquarters of the US Rapid Deployment Force. Some Pakistani army units have been trained and armed exactly as in the US armed forces. In this sense, Pakistan has become a regional US substitute.

This makes it abundantly clear that in the process of the normalisation of Indo-US relations only the politically naive people will ignore the Pak-US relations in the triangle of the relations — Indo Pak, Indo-US and Pak-US. And the policy-makers in Washington seem to be fully conscious of this. They know it more than anyone else that in the forward motion of normalisation of relations between India and the US, Indo-Pak relations have become a key factor.

External Affairs Minister B R Bhagat may or may not be satisfied with his recent US visit and a tete-a-tete with President Reagan. But a section of the Indian public opinion has become apprehensive. These apprehensions have been further strengthened because the External Affairs Minister himself is reported to have admitted that when he raised the question of US arms aid to Pakistan, the American President kept quiet.

Mr Krishan Kant, the Janata leader, has openly asked: How will the policy-makers bring about a synthesis between what he has described as the acquisition of modern US technology and the problems of India's stability and integrity?

Nonetheless, it is relevant to note that the new assertion of the US strategic interests, more comprehensive as they are, not only clash with India's national interests but with those of the entire Third World. India has never relented in its struggle for the translation of positive principles of peaceful coexistence. Jawaharlal Nehru called such a policy "positive, constructive and purposeful".

Developing these ideas, Indira Gandhi had pointed out that this policy meant that in the first instance India did not belong to any military bloc. Secondly, India reserved the right to judge independently all questions and to take measures corresponding to India's own interests and to the interests of universal peace. Prime Minister Rajiv Gandhi has been carrying forward this policy in a more complicated situation.

Though it is too early to draw any hasty conclusions, no Indian would oppose the move to get high technology from any Western country. There can be no objection to the diversification of defence purchases. But these questions are not under debate. What is under discussion is the US pressure on India, both visible and invisible, to deflect it from the chosen path of self-reliance, independent development, nonalignment and anti-imperialism.

No patriotic Indian can afford to be complacent about the long-term objectives of Washington in this region, in which India stands in the front rank. The recent moves have created vibrations in all sections of the people.

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CSO: 4600/1469

INDIA

RAJIV REPORTEDLY PLANNING TO REVAMP ADMINISTRATION

Calcutta THE TELEGRAPH in English 7 Feb 86 p 4

[Text]

New Delhi, Feb. 6 (UNI): The Prime Minister, Mr Rajiv Gandhi, has called for modifying the entire administrative machinery to ensure that no cause for public or individual grievances exists in the future.

Addressing the parliamentary consultative committee attached to the department of personnel and administrative reforms, the Prime Minister said yesterday the most important thing was to reform the system rather than merely redress individual grievances.

However, Mr Gandhi said a high degree of priority had to be accorded to redressal. But the cure should begin at the root of the grievances.

Mr Gandhi said it had to be ensured that while monitoring and evaluating the performances of the grievance redressal machinery in the government there should be identification and analysis of system deficiencies on a continuing and systematic basis.

He said the greatest importance should be attached to mak-

ing people—particularly those belonging to the backward, tribal and scheduled castes and scheduled tribes—aware of their rights and the existence of the redressal machinery.

This programme was on the top of the government's priority list and measures would be initiated to guide people on the facilities they could get and where they could get them.

The minister of state for personnel and administrative reforms, Mr P. Chidambaram, said state governments had already been persuaded to set up suitable administrative machinery for looking into public grievances and many states had already taken positive steps in this direction.

The minister outlined various steps taken by his department for streamlining and strengthening the grievance redressal machinery. This included maintenance of constant pressure on the internal mechanism of public grievances in different ministries and departments to activate their functioning

through instructions, guidelines and high-level meetings.

Key areas were being identified for reform to system deficiencies and transform the administrative culture.

Other measures included training those involved in the grievance machinery, collaboration of voluntary agencies in educating the people conducting periodic evaluation of the machinery, and using the media on a large-scale to publicise it.

The government had also initiated a process of identifying bona fide voluntary agencies and "matching" these with the corresponding official organisations.

He said the whole attempt was to change attitudes and to "convey to the people that the government really cares for them." Selective studies would be undertaken to streamline the procedures which gave rise to grievances.

About 20 members of both Houses of Parliament attended the consultative committee meeting.

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CSO: 4600/1471

INDIA

RAJIV ASSURES JAMMU, KASHMIR LEADER OF SUPPORT

Calcutta THE TELEGRAPH in English 11 Feb 86 p 1

[Text]

New Delhi, Feb. 10: The G.M. Shah government in Jammu and Kashmir has been given a fresh lease of life following the visit of the Congress(I) vice-president, Mr Arjun Singh, to the state. Both sides declared in Delhi today that steps would be taken to "strengthen" the National Conference (K) and the Congress(I) alliance.

Mr Shah had a 70-minute meeting with the Prime Minister, Mr Rajiv Gandhi, today. He was accompanied by the National Conference(K) president, Begum Khalida Shah, the vice-president, Mr D.D. Thakur, and the general secretary, Mr G.N. Kochak. Mr Arjun Singh was also present at the meeting.

Later, the AICC(I) issued a statement stating categorically that "all attempts will be made to remove the hurdles coming in the way of the smooth functioning of the alliance in the state between the Congress(I) and National Conference(K) with a view to strengthening the alliance government." This makes it clear that the Congress(I), for the present at least, has no intention of disturbing the government in Jammu and Kashmir.

The decision to strengthen the alliance comes in the wake of Mr Arjun Singh's visit to Srinagar where he had lengthy consultations with the National Conference(K) leaders as well as members of his own party. According to sources, the Congress(I) state president, Mufti Mohammed Syed, had made it clear to Mr Arjun Singh that the party should withdraw support to the Shah government. His view was supported by the majority of Congress(I) members in the state.

The Congress(I) in Jammu and Kashmir has been pressing for Mr Shah's removal for several months. Apart from levelling charges of corruption against the state government, the Congress(I) had made it clear to the high command that its own mass base was being eroded in the state. It had further maintained that the Shah government's weak stand on secularism was only serving to strengthen the

fundamentalist forces in the state.

The high command which at one time seemed to be of the same mind has changed its position today and decided to support Mr Shah against the wishes of its own partymen. Although the decision seems to be prompted by the uncertain conditions prevailing in Punjab, it has created considerable resentment in the party.

During the meeting today, the Prime Minister reportedly assured Mr Shah that he would extend all help in the economic development of Jammu and Kashmir and to strengthen the secular forces of the state.

The Shah camp was jubilant over the new developments and even said that there had been no differences with the Congress(I).

The Congress(I) members were, however, despondent about the decision and said that in rejecting the views of the party in the state, the high command was merely helping Mr Shah in "liquidating" the Congress(I) from Jammu and Kashmir.

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CSO: 4600/1457

INDIA

PAPERS REPORT ON GANDHI VISIT TO MALDIVES

Speeches at 7 Feb Banquet

Madras THE HINDU in English 8 Feb 86 p 6

[Text]

MALE (Maldives), Feb. 7.

India and Maldives voiced serious concern tonight over the increasing militarisation of the Indian Ocean and the threat it posed to peace and stability in the region.

Replying to the Maldives' President, Mr. Maumoon Abdul Gayoom's toast at a banquet in his honour tonight, the Prime Minister, Mr. Rajiv Gandhi warned that "our security is diminished, not enhanced by foreign bases, military installations and disposition of nuclear weapons and other weapons of mass destruction."

Mr. Gandhi said "our very independence, sovereignty and territorial integrity are threatened by military rivalries not of our making."

Peace zone: Mr. Gandhi was concerned over the non-implementation of the United Nations declaration of the Indian ocean as a zone of peace. Instead of the implementation of the declaration, "we have seen a continuing escalation of great military presences in the Indian Ocean," he said.

Prevarication, and presumptions by outside powers about what was in the best interest of the littoral States had stood in the way of convening the conference to give practical effect to the 1971 U.N. declaration, he said.

Describing India and Maldives as comrades-in-arms in the protracted struggle to restore the Indian Ocean as a zone of peace, Mr. Gandhi recalled Mr. Gayoom's observations at the Dhaka summit of the South Asian Association of Regional Cooperation.

Mr. Gandhi said "for us littoral States, our common concern over foreign military presence in the Indian Ocean was admirably summed up by you when you reminded us at the Dhaka summit that historical precedents, from the Trojan horse to the most recent events in Grenada, would clearly spell out the implications of having within one's own house invited or otherwise, an alien military influence."

Mr. Gandhi also admired the courage and conviction with which the leadership and people of Maldives spurned the "blandishments of retreating imperialism."

Mr. Gandhi and Mr. Gayoom also called for a new framework of international economic relations which they said was vital for developing countries to have a more equitable share of world trade and resources.

Pressing need: Mr. Gandhi said the most pressing need today was disarmament, especially nuclear disarmament. The six nation summit had brought hope in the new year. "We look forward to the nuclear-weapons States building on the beginning made by last November's summit between the U.S. President, Mr. Ronald Reagan and the Soviet leader, Mr. Mikhail Gorbachev. The recent Soviet proposals are a positive move in the desired direction," he said.

Talking of the six-nation initiative to bring about nuclear disarmament, Mr. Gandhi said the appeal of May 1984 and the Delhi declaration of January 1985, had contributed to building public opinion for a freeze on nuclear weapons and a comprehensive test ban treaty as a first step towards nuclear disarmament.

Regional cooperation: Referring to South Asian Regional Cooperation, Mr. Gandhi said "Our traditional good neighbourly relations have found a new dimension. We are working together as equal partners in the company of our other neighbours, big and small."

He lauded the constructive approach of Maldives in this direction and said "your positive attitude has helped give real content to concepts of regional cooperation."

Mr. Gayoom said the Indian leader had "undoubtedly injected a new sense of purpose into our bilateral relations." He paid tributes to the statemanship of Mr. Gandhi saying "You have gained worldwide admiration for your de-

termination to awaken India to the truth that reason can triumph over emotion and debate over violence."

Similarity of views: Mr. Gayoom spoke of the similarity of views that his country and India shared on many international issues like the inalienable rights of the Palestinians to find a homeland, establishment of majority rule in South Africa and total opposition to apartheid.

Substantial role: Mr. Gayoom said though seven countries had equal status as members of SAARC, "we believe that India, with vast human and material resources at its command, has a substantial role to play in the achieving the aims and objectives of the association."

"Trade between the two countries is expanding, technical cooperation in many fields has increased, new areas of collaboration have been identified and specific projects were being finalised," he said.

Bilateral cooperation: Stressing the need for accurate meteorological forecasting, Mr. Gandhi expressed his happiness that the two countries worked together in this new field. The two countries had also agreed to expand co-operation to satellite communication, small industry, tourism and the Indira Gandhi Cardiac Centre.

Mr. Gandhi said "We are privileged to participate in the restoration of the Hukuru Mosque" which he will visit tomorrow.

Pact on Economic Ties

Calcutta, THE STATESMAN in English 8 Feb 86 p 9

[Text]

MALE, Feb. 7.—India and the Maldives today opened a new chapter in bilateral relations by signing an agreement envisaging expansion and intensification of mutual relations in the sphere of economic, technical and commercial cooperation, report PTI and UNI. India is understood to have agreed to finance several Maldivian projects and programmes.

The signing of the agreement by the Finance Minister, Mr. Vishwanath Pratap Singh, and the Maldives Foreign Minister, Mr. Fathulla Jameel, was preceded by prolonged talks between the delegations of the two countries.

The two countries also criticised the non-implementation of the 1971 U.N. resolution on maintaining the Indian Ocean as a zone of peace, saying the escalation of super-power military presence in the area threatened the peace and security of the region.

The agreement signed today envisages substantial Indian help to the Maldives to build a viable small-scale industry. The country has potentials for setting up a small-scale industry, which will give a much-needed boost to the Maldivian economy.

Hotel industry and travelling, which has sustained the Maldives economy since the islands were thrown open to tourists, will receive Indian assistance under the agreement.

President Gayoom and Mr. Rajiv Gandhi held wide-ranging discussions here today encompassing the entire gamut of bilateral relations and international and regional issues.

Calcutta THE STATESMAN in English 10 Feb 86 pp 1, 9

[Text]

MALE, Feb. 9.—The Prime Minister, Mr Rajiv Gandhi, today said that Sri Lanka, "should let us know" if it was not interested in India's initiative to help find a solution to the Tamils issue, report PTI and UNI.

Addressing a largely attended Press conference here at the end of his three-day official visit to the Maldives, Mr Gandhi said Sri Lanka should take more firm steps in finding a political settlement to the ethnic problem.

Mr Gandhi was asked whether India proposed discontinuing its efforts to bring the Tamil militants and the Sri Lankan Government to the negotiating table, especially as the killings of Tamils were continuing.

Responding to another question, Mr Gandhi said there was no friction in India's relations with its immediate neighbours. There were, however, irritants on some matters with Pakistan and Sri Lanka.

In the case of Sri Lanka, he said there were more than 100,000 refugees in India and, "we want conditions (in Sri Lanka) to normalize so that they can go back in peace and dignity".

Mr Gandhi said India had several differences with Pakistan. Replying to a question about India's offer of a treaty of peace and friendship and Pakistan's proposal for a no war pact, Mr Gandhi said the scope in the latter's proposal was limited, "compared to ours".

He said efforts were under way to merge the two drafts and the exercise in this regard has been going on between the two sides for some time now. He expressed confidence that a draft agreeable to both New Delhi and Islamabad could be evolved, saying "we will be able to do this".

On maintaining the Indian Ocean as a zone of peace, Mr Gandhi said both India and the Maldives had similar views on the matter. He said: "We want the conference on the Indian Ocean to be convened at the earliest".

Asked whether he and the Maldives President, Mr M. A. Gayoom proposed any new initiative with regard to keeping the Indian Ocean free of foreign military presence, bases and weapons of mass destruction, Mr Gandhi said more discussion is required in this "regard".

He said, "positive alternatives" could be evolved only by undertaking such an exercise with the littoral and other States.

On his visit to the Maldives, which came within two months of the formation of the South Asian Association for Regional Cooperation, Mr Gandhi said, "we feel the Maldives is important and strategically located in the Indian Ocean".

Simultaneously, he said, India desired to strengthen its friendly relations and enlarge economic and technical cooperation with the Maldives.

Mr Gandhi said the two countries had similar views on all major issues and he foresaw a period of brisk exchanges and economic cooperation between them.

Asked about his impressions on the trip to the Maldives, Mr Gandhi replied: "Our relations are becoming stronger".

He made it clear that Sri Lanka did not figure in his talks with Mr Gayoom nor the question of any SAARC initiative in resolving the ethnic problem there.

He said there were some areas like tourism and fishing in which the Maldives had done well and, "India could learn from your experience".

On terrorism, Mr Gandhi said this was a menace affecting many parts of the world and required tackling on the political plane. "We would like to see greater statesmanship in fighting this menace", he observed.

About the postponement of the visit of the Foreign Secretary Mr Romesh Bhandari to Colombo, Mr Gandhi told a questioner amidst laughter, "preparation for the Maldives visit was the reason for the postponement of Mr Bhandari's visit".

According to a report from New Delhi the Prime Minister, Mr Rajiv Gandhi was accorded a warm and affectionate reception when he returned here tonight after a three-day official visit to the Maldives.

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CSO: 4600/1450

INDIA

ANALYST TELLS MISTAKES OF BHANDARI SRI LANKA VISIT

Madras THE HINDU in English 19 Feb 86 p 1

[Article by G.K. Reddy]

[Text]

NEW DELHI, Feb. 18.

The Prime Minister, Mr. Rajiv Gandhi, today voiced his serious concern at the continuing violence in Sri Lanka and stressed the urgent need for a political settlement of the Tamil problem.

He gave expression to his deep distress over the tragic events in Sri Lanka, when its High Commissioner, Mr. Bernard Tilakaratne, called on him with a personal message from Mr. Jayewardene suggesting that the Foreign Secretary, Mr. Romesh Bhandari, should be sent to Colombo for further talks on the subject.

The way the Prime Minister spoke of his grave anxiety over the worsening situation in Sri Lanka clearly indicated that the Government of India has started drawing a distinction between Mr. Jayewardene's platitudinous talk of his readiness to seek a peaceful settlement and his ill-advised attempts to impose a military solution on the Tamil people.

Growing impatience

The Sri Lankan envoy who has been meeting Mr. Bhandari frequently and passing on the so-called clarifications received from Colombo to assure India that the verbal assurances given earlier about the degree of the proposed devolution were still valid and that the legalistic rebuttal of the TULF proposals in the 57-page written reply that followed should not be misconstrued as a virtual retraction from these commitments. It has been stressed by Mr. Tilakaratne on behalf of his Government that there is considerable scope for expanding the areas of understanding through further discussion, so long as the proposed political settlement is within the framework of Sri Lanka's unitary Constitution.

But the Prime Minister's recent observation in Maldives that the Sri Lankan Government should state quite clearly whether it was still interested in India's good offices is intended to be an unmistakable indication of his growing impatience with Mr. Jayewardene's procrastination. The concern he voiced today in an equally

outspoken manner about the continuing violence in Sri Lanka clearly reflected his distress and exasperation over the worsening situation there.

It is now realised in Delhi that, in his quest for a quick solution, Mr. Bhandari made the big tactical mistake of imagining that if only the Tamil militants could be brought round to adopting a more reasonable attitude, it should be possible to persuade the Sri Lankan Government to agree to an equitable settlement. The Sri Lankan President and his advisers were clearly playing for time, to step up their military preparedness, by encouraging India to believe that they were prepared to go more than half way in meeting the legitimate Tamil aspirations within the framework of a united Sri Lankan State.

The mixed signals from Delhi had encouraged Mr. Jayewardene to believe, quite contrary to India's intentions, that Mr. Rajiv Gandhi's Government was getting increasingly put off by the militancy of the Tamil militants and started putting the screw to discipline and compel them to adopt a more reasonable attitude. Now the Indian negotiators have veered round to the view that the Sri Lankan Government is still toying with the idea of a military solution, while talking reassuringly of its readiness to seek a political settlement.

It is against this background that the Sri Lankan side has noted a marked hardening of the Indian attitude, although Mr. Gandhi is still striving hard to bring about a peaceful settlement. The latest mood in Delhi is not to be taken in by the private assurance of the Sri Lankan Government if these are not backed by written commitments as a viable basis for further discussions.

During the Sri Lankan High Commissioner's 20-minute meeting with the Prime Minister, Mr. Bhandari was also present. Mr. Tilakaratne will be meeting Mr. Bhandari later this week after he has reported back to Colombo on what the Prime Minister said and received fresh instructions for carrying forward these on-going discussions in Delhi.

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CSO: 4600/1470

INDIA

INDO-SOVIET COOPERATION PANEL TO MEET IN JULY

Calcutta THE TELEGRAPH in English 8 Feb 86 p 7

[Text]

Moscow, Feb. 7 (UNI): The seventh session of the Indo-Soviet joint commission on economic, scientific and technical cooperation will be held in Delhi in July.

The commission will review the progress done by its working group on machine-building and coproduction.

The last annual meeting of the joint commission was held here under the chairmanship of the home minister, Mr S.B. Chavan, and the Soviet first deputy Prime Minister, Mr Ivan Arkhipov, prior to the Soviet trip of the Prime Minister, Mr Rajiv Gandhi.

According to observers here, much of India's success in meeting its trade targets in relation to the Soviet Union will depend on how strictly the time schedule laid down by the working group is adhered to.

The recent meetings of the working group on machine-building and coproduction had specified the areas where intensive cooperation between the two countries was possible. It also envisaged the involvement of the private sector on a "comprehensive basis."

The first deputy chairman of the Soviet planning committee and the co-chairman of the working group Mr G.B. Staraganov, is scheduled to visit India in April for discussions on effective measures to implement the tasks earmarked by the group at its meeting in Moscow in January.

Besides, the standing monitoring body of the working group is to meet in Moscow at the end of this month to review the work.

Meanwhile, two high-level delegations from India, representing the private sector automobile industry and public sector shipping industry, are scheduled to arrive here next month.

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CSO: 4600/1451

INDIA

GANDHI TRIES FOR BALANCED TIES WITH SUPERPOWERS

Madras THE HINDU in English 27 Jan 86 p 9

[Article by G.K. Reddy]

[Text]

NEW DELHI, Jan. 26.

Two major events on the diplomatic front later this year are going to be goodwill visits to India by the leader of the Soviet Union, Mr. Mikhail Gorbachev, and the President of the U.S., Mr. Ronald Reagan, which in a sense will be a vindication of the present policy of the Prime Minister, Mr. Rajiv Gandhi, of seeking equally cordial and mutually beneficial relations with both Moscow and Washington.

The Soviet Government has already stated that Mr. Gorbachev will be visiting India this year while a possible time-frame for Mr. Reagan's trip is still under consideration.

At the time of Mr. Rajiv Gandhi's trip to Washington last summer, it was indicated that Mr. Reagan would be happy to visit India before the end of 1985 or in early 1986 presumably to keep the momentum of closer Indo-American cooperation initiated by them. There was some talk of Mr. Reagan agreeing to be the chief guest at the Republic Day parade as an eloquent demonstration of improved relations.

But after his surgery for intestinal cancer, the White House decided to cut down the President's workload and cancelled his plans for foreign visits during the rest of 1985 pending a fresh medical evaluation of his physical condition. The doctors who put through a very thorough medical check-up 10 days ago are reported to have declared him perfectly fit for his age.

Reagan's keenness: As there is renewed talk of his pending foreign visits, one of the countries he is reported to be quite keen on visiting before the completion of his second tenure is India which is receiving these days considerable attention in Washington.

It may not be known until the middle of this year whether Mr. Reagan will be able to pay the promised visit to India before the end of 1986 since the State Department would probably like him to combine this trip with stop-overs

in a number of other countries in Asia with which the U.S. has close relations. But the White House staffers are known to be in favour of a visit to India this year itself since they do not want Moscow to continue to have a decisive edge over the U.S. in influencing Indian opinion.

More active role: Though he has decided to curtail his foreign travels this year to be able to concentrate more on domestic problems, Mr. Rajiv Gandhi feels encouraged by his successful visits to several countries during his first few months in office to think in terms of a more active role for India in world affairs in pursuit of its principled stand on many international issues. He has directed the Ministry of External Affairs to organise at least one major multilateral event every month to enable India to articulate its views and exert its influence in promoting international understanding and cooperation.

This diplomatic activity is expected to be divided between an intensification of India's activity within the non-aligned movement and its new endeavours to establish a balanced relationship with the two superpowers in the context of their own improving relations. The current emphasis in Delhi is on strengthening India's bilateral relationship with as many countries as possible while making a more imaginative effort to establish a closer correlation between its internal and external policies to provide for greater consistency and firmness of purpose.

Pragmatic approach: The visits of Mr. Reagan and Mr. Gorbachev can help to carry forward this process by encouraging the Prime Minister and his advisers to adopt a more pragmatic approach to the country's dealings with the two superpowers without exposing itself to the accusation of adopting double standards and giving the benefit of doubt to one side or the other over crucial issues to the detriment of India's own self-interest.

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CSO: 4600/1453

INDIA

ANALYST ON 'RED CARPET WELCOME' GIVEN FRENCH VISITOR

Madras THE HINDU in English 14 Feb 86 p 9

[Article by G.K. Reddy]

[Text]

NEW DELHI, Feb. 13.

The old element of cordiality and cooperation in Indo-French relations, based on shared values and mutual commitment to work for better East-West understanding and North-South equation, has now been fully restored, after the temporary setback caused last year by the Coomarr Narain spy case.

The Secretary-General of the French Foreign Ministry, Mr. Andre Ross, arrived in Delhi today for wide-ranging exchanges with the Foreign Secretary, Mr. Romesh Bhandari, on both bilateral and international issues as part of the periodic consultations between the two governments.

It was during Mr. Ross's tenure as Ambassador in Delhi that Indo-French relations got consolidated with the visits of two French Presidents, Mr. Giscard d'Estaing and Mr. Francois Mitterrand, to India followed by Mrs. Indira Gandhi's return trips to France. It was also during his tenure that the Mirage-2000 and alumina project deals were signed and France agreed to provide enriched uranium for Tarapur after the U.S. went back on its contractual obligation.

A veteran diplomat, who has risen to the highest post of Secretary-General in the French Foreign Ministry, Mr. Ross has been honoured by his Government with the unique distinction of what is called Ambassador of France, which confers on him rank and status with full pay, as one of the country's senior-most diplomats, for the rest of his life.

Meeting Bhagat: It is not therefore surprising that the Government of India has unrolled the red carpet in a big way to accord him a very special welcome that is rarely, if ever, extended

to permanent heads of the Foreign Ministries of other countries on official visits. He will be meeting the External Affairs Minister, Mr. B. R. Bhagat, and others during his three-day stay in Delhi.

After Mr. Ross's successor in Delhi, Mr. Serge Boidevaix, was asked to leave India at short notice following the Coomarr Narain episode, the present Ambassador, Mr. Jean-Bernard Merimee, restored the old warmth and confidence with great skill within a short time, before Mr. Rajiv Gandhi paid his State visit to France. As a token of his desire to get over the unpleasant interlude in Indo-French relations, the Prime Minister went out of his way to have a pleasant chat with Mr. Boidevaix at an Indian embassy reception.

As part of its all-out export drive, France has succeeded in establishing an arms sales relationship as well as an economic partnership with India, extending to oil exploration, petrochemicals, non-ferrous metals, science and technology and agriculture. It has extended credits totalling over Rs. 800 crores, besides Euro-dollar loans, to enable India to buy French equipment.

At present France is trying hard to get the contracts for the HBJ pipeline and the heavy artillery for the Indian Army which together would amount to over Rs. 2,500 crores. It is a strong contender for these two contracts and is well placed to bag at least one and possibly both the deals, barring some last-minute surprises.

The present Prime Minister of France, Mr. Laurent Fabius, who is generally regarded as a prototype of the new Euro-politician, has established a close personal rapport with Mr. Rajiv Gandhi which has helped to overcome the brief setback in Indo-French relations.

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CSO: 4600/1470

INDIA

ZAIL SINGH 21 FEB SPEECH TO CHAMBER OF COMMERCE REPORTED

Calcutta THE STATESMAN in English 7 Feb 86 p 1

[Text] Addressing the Diamond Jubilee meeting of the Indian Chamber of Commerce in Calcutta on Thursday, President Zail Singh called upon the private sector to share its wealth to help those below the poverty line so that their conditions improved. He advised businessmen not to accumulate wealth but keep it flowing.

A new economic experiment was going on in India, he said. The importance of the private sector had increased with 52% of the total expenditures in the Seventh Plan reserved for it. The coexistence of a private sector, a public sector and a joint sector was a new thing. The financial programmes of the Plan must be completed with vigour, he said.

The economic development that India had attained was commendable, but not enough, the President said. A large section of the population was still under the poverty line. India had all the resources, but these were not evenly distributed. Wealth had been monopolized by some people. He looked forward to a day when the number of poor in the country would go down and that of the rich would increase.

Faith must be kept in socialism, secularism and democracy, the President said. He reminded that socialism could not be achieved quickly. Everybody in the country must have faith in the Constitution. It did not help to criticize the Government for anything and everything. The Government, the Opposition and the people must work together to help the poor, for the uplift of villages and for improvement in living conditions in the urban areas. Only then the democratic system could be strengthened.

Proliferation of political parties was not good, the President said. Even then there was no harm as long as the parties did not fight among themselves. Political fights should not be turned into personal fights, he observed.

There were some bad people among politicians in trade unions, as well as in industry. Dishonest businessmen must be punished. Mr Zail Singh said there was no harm in honest businessmen working for profit. For, profit was the motive force for business activities.

Earlier, Mr K.K. Bajoria, president of the Indian Chamber, said in his welcome address that the large number of levies and duties on trade and business and the arbitrary rise in administered prices of products such as coal and petroleum had turned India into a high-cost economy. He said that administered prices should not be used to cover up operational inefficiency in coal and petroleum industries. Mr Bajoria welcomed the positive approach of the Government in its economic policies which had strengthened the capital market and led to setting up of new companies.

Earlier, the President arrived in Calcutta from Delhi by a special IAF plane. He was received at the airport by West Bengal's Minister of State for Labour, Mr Shanti Ghatak, senior Defence officials and Government officials. He, accompanied by Mr Ghatak, was flown from the airport to the city by a helicopter.

Officials present at Calcutta airport on Thursday morning at the time of Mr Zail Singh's arrival were worried because no ambulance van was present there. A health unit, including an ambulance van, is usually kept in readiness at the airport during the arrival and departure of the President. An ambulance of the West Bengal Government's Health Department arrived at the airport after the President had reached the city from the airport by a helicopter.

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CSO: 4600/1449

INDIA

'SUSPENDED' ARMY UNITS TO BE REACTIVATED

Calcutta THE STATESMAN in English 13 Feb 86 p 1

[Text] New Delhi, Feb 12--The Government has decided to reactivate the few Army units which were placed in suspended animation following desertions in the wake of Operation Bluestar in June 1984, it was officially announced today, report UNI and PTI.

The reactivation is being done on their original class composition as before.

Five out of the 100 odd units with various commands witnessed desertions and acts of indiscipline. These units were placed in suspended animation for six months from November 1985 and the bulk of its personnel were transferred to other units.

The announcement said the reactivation had begun and would be completed by the end of May this year.

The Government decision means that the bulk of the personnel of the affected units who were earlier transferred to other units would now rejoin their reactivated original units.

The Chief of the Army Staff, Gen K. Sundarji, on taking over his new post early this month had said that there were 50 battalion-sized units with 100% Sikh soldiers and another 50 such units with 50% Sikh soldiers. Putting things in the proper perspective, he said the desertions took place in only five of these units.

Gen Sundarji has said that "nobody can question the loyalty of the Sikh troops in the Army." The Army Chief also stated that he had very high regard for Sikh soldiers for their bravery, courage, outgoing and practical nature, toughness and devotion to duty.

The mutiny in these units had taken place because of the failure of the command at the local as well as at higher levels and also because the Sikh troops underwent an enormous psychological trauma after Operation Bluestar, the Army Chief said.

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CSO: 4600/1459

INDIA

COMPOSITION OF NEW LABOR COMMITTEE REPORTED

New Delhi PATRIOT in English 13 Feb 86 p 5

[Text]

In consonance with the recommendations of the Indian Labour Conference, the Government on Wednesday set up a high-power standing labour committee with Labour Minister P A Sangma as its chairman to deliberate on specific issues brought before it, reports PTI.

The committee will comprise three members from the Central Government representing the Labour and Industry Ministries and the Planning Commission. Each State and Union Territory will have one representative on it.

Employers and workers' organisations will have ten seats each on the committee. The employers' representatives will be selected by the Council of Indian Employers (which will have seven seats) and the All India Manufacturers Organisation (three seats).

The Ministry of Labour stipulated that the Council of Indian Employers, while nominating its representatives, will ensure that

adequate representation was given to public sector undertakings.

The Council and the All India Manufacturers Organisation will also ensure that proper representation was given to various segments of the industrial sector like large, medium, small scale cottage industries and unorganised sector.

Among the workers, the Indian National Trade Union Congress (INTUC) will have three nominees, the Bharatiya Mazdoor Sangh, two and the Hind Mazdoor Sabha, United Trade Union Centre (LS), the All India Trade Union Congress, the Centre of Indian Trade Unions and the National Labour Organisation one each.

In accordance with the decision taken at the recent Labour Conference, the committee will meet once in six months.

Meanwhile, the Labour Min-

istry has finalised the "consensus" on various issues debated at the conference held on 23 and 26 November. The draft was earlier circulated to the participants from the workers and employers organisations at the conference for their comments.

The final 'consensus' shows only minor changes from the one adopted at the conclusion of the conference.

It has urged the Government to finalise its views on the recommendations of the Sanat Mehta committee regarding setting up of industrial relations commission and deleted references to the desirability of setting up special benches to consider labour matters.

The consensus said with regard to Employees Provident Fund the employers contribution should be raised from eight per cent to 10 per cent. However, the majority of employer groups had reservation on this matter.

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CSO: 4600/1460

INDIA

MORE SCIENTISTS AND ENGINEERS REPORTED TO EMIGRATE

Calcutta THE STATESMAN in English 13 Feb 86 p 9

[Text] New Delhi, Feb 12--Migration of Indian engineers and science researchers to the West, particularly to the USA, is increasing, a recent study says, reports UNI. Most of the migrating engineers are from the Indian Institute of Technology.

"Nearly 35% of our engineering graduates go abroad as soon as they earn their academic degrees," says Mr S.C. Dutta Ray, Dean of undergraduate studies, IIT, Delhi. The percentage is even greater in some "thrust areas" such as computer, aeronautics and operational research.

"The proportion may be as high as 80% among computer science graduates," says Mr A.K. De, who till recently was the Director of Bombay, HT.

A similar trend, though on a smaller scale, is followed in allied sciences, particularly in physics for which Delhi, Kanpur and Madras IITs are famous. Students find it easy to seek admission for higher degrees in the best universities abroad.

According to Nature, a prestigious science journal, the probability of these scientists' return to India after gaining a Ph.D. degree is only 18%.

"By all standards, IITs are the enormously successful institutions and the most generous gift to the USA. These institution of technology are intended as the Indian equivalent of the Massachusetts Institute of Technology," says Nature.

According to Mr Govind Swarup, head, Radio Astronomy Centre, Tata Institute of Fundamental Research, Bombay, more than 600 graduates of IITs and similar institutions migrate to the USA and they are certainly amongst the best talent that India produces in science and engineering every year.

Mr Swarup adds, "during past two decades, more than 10,000 of brightest science and engineering graduates have gone to the USA and have settled there.

Taking a modest figure of \$1 million for their productivity in the USA, India has contributed a minimum of \$10 billion to the U.S. economy."

"Although India's science and technology efforts has certainly suffered during the last decade because of a very serious gap in the availability of talented manpower, yet no attempts have been made to decrease the exodus of HT graduates to the USA," says Mr Swarup.

Misconcept

Contrary to the common notion that India has the third largest stock of scientists and technical manpower in the world, the number of scientific and technical personnel per thousand is only 3.8 compared to 12 in the USA, 19 in West Germany, 82 in USSR and 185 in Japan.

Even less is the number of scientists and engineers engaged in research and development, only 0.09 per thousand compared to 2.68 in USA, 2.97 in West Germany, 3.72 in the USSR and 4.98 in Poland.

The loss of the potential for innovative technology in this sort of brain drain defeats the very purpose of our technological education. Besides, this is a great financial wastage. At an estimate, the country has to spend nearly Rs 2 lakhs a year on an engineering graduate and little less on a science graduate studying at an IIT.

The self-confidence of HTs is recognized in their growing links with Indian industries.

According to Mr N.M. Swani, Director, HT, Delhi, during the financial year 1984-85, institute provided consultancy services to the tune of Rs 35.5 lakhs.

"The Bombay HT earns some Rs 80 lakh a year from industrial contracts," says Mr De.

For Madras and Kanpur HTs, contract income is more than Rs 100 lakh a year. Staff is allowed to keep 70% of what they earn within a limit of roughly one year's salary.

In addition, sponsored research is increasing enormously. For instance, Delhi, HT, alone has the responsibility of coordinating more than 210 sponsored projects with a committed funding of more than Rs 10 crore.

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CSO: 4600/1459

ASSAM ASSURED OF STEPS TO IMPLEMENT ACCORD

Calcutta THE STATESMAN in English 7 Feb 86 p 7

[Text]

NEW DELHI, Feb. 6.—The Centre today assured the Assam Chief Minister, Mr Prafulla Kumar Mahanta, and the Home Minister, Mr Bhrigu Kumar Phukan, that it was taking follow-up steps to implement the Assam accord and also to check infiltration into Assam from across the border.

Various measures have been taken to strengthen vigilance on the border by the Border Security Force, and the Government was committed to stop infiltration, Mr Mahanta and Mr Phukan were told by the Union Home Minister, Mr S. B. Chavan, and the Minister of State for Internal Security, Mr Arun Nehru, with whom they had separate meetings today.

Mr Mahanta said later that he had been assured by Mr Nehru that the matter concerning the border fencing would be taken up as soon as possible. Mr Mahanta informed Mr Nehru that even though infiltration from across the international border with Bangladesh had considerably reduced, it was still occurring in some areas.

Mr Nehru told the Assam leaders that the Centre was initiating further steps for implementing the Assam accord, particularly the clauses regarding the strengthening of vigilance along the Indo-Bangladesh border.

During the meeting with Mr Nehru, the Union Home Secretary, Mr R. D. Pradhan, and the Foreign Secretary, Mr Romesh Bhandari, were also present. It was decided that a joint team of officials from the Home Ministry and the State Government should draw up and expedite an appropriate socio-economic programme for the border areas. Mr Phukan called on the Prime Minister last night to discuss the general law and order situation in the State.

Mr Mahanta also met the Union Petroleum Minister, Mr Chandra Shekhar Singh, and discussed the fixing of furnace oil and natural gas prices for supply to the Assam State Electricity Board. Mr Mahanta also urged the Petroleum Minister to announce the increased rate of royalty on crude oil as early as possible. The Assam Government has demanded that the existing rate of royalty on crude oil, which is Rs 61 per ton should be raised to Rs 336 per ton.

Mr Phukan also met the Union Tourism Minister, Mr H. K. L. Bhagat, and requested him to withdraw the entry permit system for foreign tourists visiting Assam, for the development of tourism industry in the State.

Mr Mahanta had earlier said his Government was committed to the implementation of the Assam accord within a definite time-frame and attacked the highest priority

to it. The linguistic or religious minorities should have any fear or apprehension, he said.

Mr Mahanta said his party had "not decided as yet" its attitude towards the proposal for a 'mahanaadu', a call for which has been given by the Andhra Pradesh Chief Minister, Mr N. T. Rama Rao, for a coming together of the regional parties.

The Chief Minister said that there was no truth in reports that his Government was taking "vindictive action" against Congress (I) men in the State, nor had the Prime Minister said anything to him in this connexion during their meeting on Tuesday.

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CSO: 4600/1449

INDIA

LIBERALIZATION OF ECONOMY SEEN LIKELY AFTER BUDGET

Madras THE HINDU in English 10 Feb 86 p 1

[Article by G.K. Reddy]

[Text]

NEW DELHI, Feb. 9.

A lot of spadework is being done behind the scenes to prepare the ground for further liberalisation of the sluggish economy after the budget session of Parliament, when the Prime Minister, Mr. Rajiv Gandhi, will be relatively free to experiment with new ideas followed by some bold innovations in selective spheres to shed the shackles of excessive regulation.

The budget itself may not contain any startling new concessions to prod the over-protected industry to perform better with the many incentives offered for expansion, but it will keep up the tempo of expectation of more facilities for increased production through diversification and modernisation.

Amidst his other pressing preoccupations with nagging domestic problems like Punjab, party politics and consolidation of his own power base, Mr. Rajiv Gandhi is reported to be quite keen on devoting his second year of office to economic issues to carry forward his policy of encouraging private enterprise and attracting foreign investment, while intensifying the drive against corruption and tax evasion.

About a dozen international banks with \$4 billions to \$6 billions to finance new ventures with foreign collaboration have been vying with one another to enter the Indian capital market. The World Bank, the International Monetary Fund and the Asian Development Bank, not to speak of many private and public financial institutions in the United States, Canada, Britain, France, West Germany, Italy, Japan and South Korea are reported to be giving higher credit rating to Delhi in advising their multi-national corporations to avail themselves of the new relaxations of controls and participate in India's development while the politico-economic climate is ripe for it.

Suspicious view: There are, no doubt, some carping critics within the country who continue

to view Mr. Rajiv Gandhi's pragmatism with considerable suspicion, as though the young Prime Minister in all his innocence and ignorance is getting caught up in a claptrap of Reaganomics with all the pitfalls of Thatcherism in his misplaced zeal for a market economy with increased foreign participation. He is being decried privately by his detractors within the ruling Congress (I) itself, who have made a profession of upholding his mother's socialism, as an adolescent Deng Xiaoping without the experience and capacity of this Chinese leader to confound his enemies and carry forward his crusade for reformation.

The Prime Minister's supporters, too, tend to look upon him as a young man in a hurry to make a refreshing break with the paralysing immobilities of the past and prepare himself to leap forward dramatically into the next century, when they are put off by his impatience for quicker results followed by impromptu decisions and *ad hoc* responses to complex issues requiring mature consideration. But, otherwise, the exponents of private enterprise in his camp continue to be happy with his liberal approach to development based on his own formative impressions that conditioned his thinking before he entered active politics and became Prime Minister suddenly in the most traumatic circumstances.

In attempting to create a new cult out of his commitment to cleaner politics, his passion for rapid economic growth to catch up with the lost opportunities and his confidence that quicker results could be achieved through deregulation, Mr. Rajiv Gandhi's advisers have

been trying to cast him in a larger than life role as a modern knight errant who was all set to banish corruption, purify public life, promote new ethics and create a work culture for changing the face of India soon.

Practical politician: The Prime Minister himself is not unaware of the pitfalls of this over-projection, since as a practical politician he knows that the days of euphoria are over and that there are hard times ahead for sustaining public expectation. It is for this reason that he wants to concentrate more and more during this year on problems of development and discipline that are peculiar to India that cannot be tackled with borrowed values or technological innovations.

The conflicting advice that he continues to receive from various pressure groups and political lobbies, besides advocates of economic liberalisation and protagonists of Congress (I) socialism, appears to have made Mr. Rajiv Gandhi a little wary of the hazards of attempting to step up the pace beyond a point. He does not seem to be reasonably reassured that the Indian big business would behave any better if the remaining constraints are removed, all too soon.

The ideological compulsions, one way or the other, cannot be completely ignored, since the country has to contend with such constraints in the conduct of its internal policies and international relations. It is not without significance that the various foreign dignitaries now visiting India, whether they be Kings and Crown Princes or Presidents and Prime Ministers, are not interested so much in influencing the country's international policies as securing their share of participation in new developmental projects and industrial enterprises through investment and technological collaboration.

The Prime Minister is, therefore, likely to opt for greater caution and prefer to hasten slowly rather than go in for rapid deregulation before the Indian society is ready for it. Meanwhile, he will probably concentrate on improving the efficiency of his Government to transform the political leadership and the bureaucracy into more effective instruments for ushering in socio-economic changes to provide greater resilience and inner strength to the democratic system.

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CSO: 4600/1471

INDIA

INDIA'S SECOND LARGEST OIL FIND REPORTED OFF GUJARAT

Bombay THE TIMES OF INDIA, in English 9 Feb 86 p 1

[Text]

BOMBAY, February 8.

THE Oil and Natural Gas Commission (ONGC) has made what promises to be its second biggest discovery of oil after Bombay High at Gandhar in the Cambay basin of Gujarat.

The reserves discovered are expected to be of the order of 100 million tonnes, including the oil equivalent of gas. This makes the discovery as big as Ankleshwar, Col. S. P. Wahi, ONGC chairman, told reporters here today. He said the find was light crude and the oilfield would go into production by July.

The ONGC chairman also said that the new strategy in the seventh plan was to concentrate on early production systems because they reduced the time required to get new discoveries into production and provided data of the field and reservoir characteristics for further exploration and for designing the permanent facilities.

Col. Wahi said that because of the high exploration success three rigs had been deployed in the Gandhar field to intensify exploration and find out the size of the oil and gas bearing area. The field was located 80 km. west of Baroda town, and the oil and gas had been struck at depths of 2,800 to 3,000 metres.

He said that a large structural-cum-stratigraphic trap had been found in the Cambay basin for the first time. Logistically, the area was very difficult

as it lay between high water and low water levels needing construction of roads and special foundations for the deep rigs.

ONGC had geared itself to these challenges and rapid drilling of wells was in progress.

The ONGC chairman said that the field would go into production by July through an early production system. Close grid seismic surveys were in progress in the on-land part of the field, while in the adjoining Gulf of Cambay, where the western extension of the field was expected, seismic surveys and processing of data were being done.

Explaining the early production system, Col. Wahi said this was done by putting up wellhead installations based on the test results of a single well or more wells in the area where the oil produced is stored, usually in an overhead storage tank and transported to the nearest installation by road tankers.

"Oil during testing is collected, stored and utilised instead of burning it during testing in offshore. If the production from a well is of the order of 2,000 barrels of oil per day, the saving would be US \$ 21.2 million per year," he added.

The seventh plan strategy was to go in for early production systems, both on-land and off-shore, for exploitation of discoveries not so far put into production. Offshore vessels were now constructed complete in all respects, incorporating systems for prolonged well testing and storage of crude oil pumping to other vessels for transportation of crude.

PLAN OUTLAY

Col. Wahi agreed that in the seventh plan, allocations had been almost halved to Rs. 8,750 crores. But the work plan which comes to Rs. 12,000 crores was approved. No schedules were going to be affected and, therefore, he did not think money would be a constraint.

Anticipating a question about the ONGC being a "white elephant", he said that the returns on investment had been extremely satisfactory. Because of the production of oil, mainly during the sixth plan period, the country had saved foreign exchange to the extent of Rs. 21,000 crores cumulatively, he said.

He also referred to the international oil price crash and the recession in the

oil equipment industry and said that this was the right time to buy the right equipment. The low price scenario was not going to remain for long and by the mid-1990s, prices would start climbing again.

Col. Wahi agreed that with three ONGC rigs out of operation, there would be some adverse impact, but that would be compensated by increasing the efficiency of the existing rigs and redeploying them. The performance of the rigs had increased by 200 times, he stated.

He said confirmed evidence of large oil reserves had been found in Assam, Himachal Pradesh and Jammu. In Tripura, the ONGC was thinking of deploying helirigs to avoid building roads and bridges strong enough to sustain the load of heavy equipment.

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CSO: 4600/1452

IRAN

COUNCIL OF MINISTERS RATIFY NEXT YEAR'S BUDGET BILL

Tehran KEYHAN in Persian 28 Nov 85 pp 2, 6-7

[Text] KEYHAN Political Service--This past Sunday the cabinet ratified next year's budget bill. This bill will be presented to the Islamic Consultative Assembly by the prime minister next week.

Because of the significance of this bill, KEYHAN will publish the complete text of the budget bill for 1365 [21 March 1986 - 20 March 1987] today.

Following, first you will read the single article of the budget bill, and its relevant notes or subjoinders will appear on subsequent pages.

The single article--The total budget of the country for the year 1365 from the viewpoint of revenues and other sources of credit is 7.248 trillion rials. From the standpoint of expenditures and other relevant payments, the same figure of 7.248 trillion rials also applies.

A- The general budget for the government in 1365 as regards revenues and other sources of credit and with respect to expenditures and other payments, a sum of 4.049 trillion rials will be ratified as follows:

1- General revenue and other sources of credit amounts to 3.87 trillion rials while expenditures and other payments from the said sources of income will amount to the same 3.87 trillion rials figure.

2- The pertinent income of the ministries and other government institutions amounts to over 269 billion rials and all the relevant payments from the same will be 269 billion rials.

Hereby, the government is given permission to receive all income and other sources of credit, which are reflected in the third section of this law, for the year 1364 [21 March 1985 - 20 March 1986] and provide for the expenditures of the ministries and government institutions and other relevant assistance and credits which are mentioned in the charts of the fourth, fifth and sixth sections of the first attached subjoinder of this law. And accordingly, with due consideration to the pertinent laws and regulations and the relevant subjoinders and based on the extent of credit allocation and the limit of incomes and other sources of credit, in 1365 the government should provide for the payment of relevant expenditures of the aforementioned institutions.

B- The budget of government companies and other profit-generating institutions affiliated with the government which are reflected in the eight section of this law, except that part of the development credits [fixed investments]--the part of the budget which is provided for through general income resources--will be duly enforceable according to the pertinent laws, regulations and relevant articles of association.

Likewise, the budget of those profit-generating institutions which are affiliated with the government who decide to turn governmental in 1365, for the remainder of the period of the year in question, after proper ratification by the Council of Ministers, will duly be enforceable by law.

1st Subjoinder

The revolving fund of the treasury for the year 1365 will be 300 billion rials.

2nd Subjoinder

A- Hereby, the Ministry of Plan and Budget is given permission when necessary to allocate the required credit to the Ministry of Economic Affairs and Finance to purchase wheat, refined or lump sugar, chemical fertilizer, and pay the surcharge for the transport of refined or lump sugar to the rural areas and where the payment of such allocations from the credit number 255,501 [of the Consumers and Producers Protection Organization as regards payment of a surcharge for transportation purposes] of the fourth section of the said law is deemed necessary, so that the needed credits are put at the disposal of the Consumers and Producers Protection Organization or other executive consulting organs who are in charge of the purchase and sale of essential goods and foodstuffs.

B- The payment of such credits to the executive organs will duly be deducted from the above-stated credit allocations and added to the relevant organization's budget.

C- All those organizations which utilize the aforementioned credit allocations are obligated to forward a quarterly report of their operations to the Ministry of Plan and Budget and the Consumers and Producers Protection Agency. Allocation of any future credit will depend on the timely preparation and dispatch of the above-stated report.

D- Any accrued loss as a result of the purchase and sale of foodstuffs and other essential goods which are subject of this subjoinder, after due investigation will be added to the final expenditures.

E- In order to facilitate the process of required credit allocations from the banking system of the country for the purchase and payment of subordinate expenditures of essential goods and foodstuffs which are subject to subsidy, the government can guarantee the repayment of the difference of the initial purchase cost and resale of the aforementioned goods.

3rd Subjoinder

The government is hereby authorized to sell in advance, all or part of the relevant documents or notes pertaining to the sale of oil and oil products through the Ministry of Oil [The National Iranian Oil Company] to foreign sources, in the month of Bahman 1365 [21 January - 19 February 1987] to the Central Bank of the Islamic Republic of Iran before the date of maturity of such notes or documents and add the equivalent foreign exchange thus acquired to the Public Income Account of the Country in 1365.

4th Subjoinder

A- Hereby, the National Iranian Oil Company is given permission to use 25 billion rials from the sale of oil products over and above the contract agreement of Aden for the purpose of securing expenditures of crude oil transfers from the Siri island [Val-Fajr operations] and transport of crude to Aden and return of relevant by-products and also to cover any other subsidiary cost for the purchase of oil products.

B- The National Iranian Oil Company is obligated to deposit all the receipts pertaining to the above-stated subjoinder in an account bearing the same title with the Central Bank of the Islamic Republic of Iran and transfer the balance of the said account to the Public Income Account of the Country at the end of 1365.

5th Subjoinder

Hereby, the Ministry of Economic Affairs and Finance is given permission to transfer 11 billion rials in revenues from the Port and Shipping Organization as reflected in the third section of the law under number 310,100 to the State Public Income Account in 1365.

6th Subjoinder

Based on the report of the Ministry of Plan and Budget from the deprived regions of the country and according to the proposal of the relevant ministers and confirmation of the Ministry of Plan and Budget and approval of the cabinet, permission is given to allocate and use 20 billion rials as reflected in the credit category number 503,002 [pertaining to miscellaneous development expenditures] of the fourth section of this law for the purpose of executing necessary development projects and development operations in deprived townships.

A- A maximum of 12 billion rials pertaining to the credit allocation of this subjoinder is not subject to State Public Accounts and other governmental rules and regulations on transactions.

B- Eight billion rials credit from the "A" section of this subjoinder will be allocated for the unforeseen and necessary miscellaneous development expenditures of the various provinces and development projects of rural areas according to the proposal of the Ministry of Interior and confirmation of the Ministry of Plan

and Budget as needs arise and according to the proposal of the governor general and approval of the planning committee of the province in question.

1- For the purpose of attracting people's participation, all the provincial executive organs are authorized to utilize such assistance toward completion of their pre-approved development projects according to the regulations of this section.

2- Whenever a minimum of 50 percent of the total credit for a new project is secured by the people, the remaining necessary credit will be provided from the credit allocation of this section according to the proposal of the governor general and the provincial planning committee of the province in question.

Based on the proposal of the ministries of plan and budget and the interior, the executive rules and regulations pertaining to this section will be ratified by the Council of Ministers.

C- No allocation of fund from the credit allocations of this subjoinder for future years will be permitted.

D- Every six months, the government is obligated to make a report on the operations of this subjoinder and present it to the Plan and Budget Commission and other relevant commissions of the Islamic Consultative Assembly.

7th Subjoinder

A- It is possible to utilize an 18 billion rials credit classified under number 503,001 [unforeseen expenditures] of the fourth section of this law according to the proposal of the pertinent ministers and after approval by the Council of Ministers. Of course, its use will be subject to the regulations of this law and other general rules and regulations of the government. As regards the executive organs which have their particular financial and transactional regulations, any credit allocation from the above-stated credit classification will be used according to the pertinent rules of the organization in question.

B- The credit draft pertaining to the aforementioned subjoinder for the ministries and other government institutions will be issued by the authorized officials and, likewise the requested amount of credit will be issued by the responsible accounting office or controller. As regards other executive organs who do not have a responsible accounting media, the source of credit draft issuance and request for the same will be determined by the Council of Ministers accordingly.

C- Up to five billion rials worth of credit pertaining to section "A" of this subjoinder as deemed necessary by the cabinet for the execution of needed expenditures will not be subject to the Public Account Law or other general regulations of the government.

D- Hereby, the government is given permission to use up to two billion rials of the sum as stated in section "C" above for the expansion of Islamic culture and protection of the oppressed people of other nations. Similarly, a minimum of one billion rials of this sum will be allocated to Lebanon.

E- Up to 500 million rials of the sum as stated in section "C" above will be put at the disposal of the Ministry of Interior for defraying necessary expenditures.

8th Subjoinder

A- The Ministry of Education and Training is obligated to distribute the allocated credit, classified under number 503,051 of the fourth section of this law which is entitled "Ministry of Education and Training - Employment of Teacher Training graduates and contracting parties for service in the training units of the country" in two stages until the end of the month of Mehr [22 October 1986] among various provinces and propose accordingly to the Ministry of Plan and Budget after the approval by the said ministry that the credit be added to the current credits of the relevant education and training departments in the provinces.

B- The Ministry of Education and Training is obligated to distribute the allocated credit, as classified under number 503,074 of the fourth section of this law which bears the title "Ministry of Education and Training - New employment by the Teacher Training Centers and Education Allowance for Contracting Parties" according to the needs of the regions and number of eligible applicants, until the end of the month of Aban [21 November 1986], among various provinces based on length and course of study of the applicants in question and propose accordingly to the Ministry of Plan and Budget after the approval by the said ministry that the credit be added to the current credits of the relevant education and training departments in the provinces.

9th Subjoinder

Hereby permission is given:

1- For the current credit allocations classified under number 503,041 of the fourth section of this law as proposed by the Ministry of Plan and Budget and approved by the cabinet to be used solely for the purchase of war materiel and other defensive equipment for the imposed war.

A- Use of any amount of credit pertaining to this section which is bound to the execution of the contracts of the Defense Ministry and the Ministry of the Islamic Revolutionary Guards, according to the contents of section A and B of the 45th subjoinder of the budget law of 1364 and its executive regulations, will be permissible.

B- The government is obligated to designate a minimum of 50 percent of the credit pertaining to section one of this subjoinder for the purchase of major defensive items and to put 15 billion rials from the same for the execution of engineering

operation of the war fronts at the disposal of the Construction Jihad Ministry and allocate the remainder for other expenditures of the war.

All the credits pertaining to the disciplinary organs such as the Islamic Republic Gendarmerie of Iran, the Islamic Republic Police Department of Iran and the Islamic Revolutionary Komitehs, which are being borne as a result of the imposed war expenditures, after approval by the cabinet will be duly allocated from the section one above.

C- Payments for any kind of extraordinary operations will be based on the new war guidelines which will be proposed every six months by the Joint Staff of the Army of the Islamic Republic and will accordingly be approved by the Supreme Defense Council.

D- Purchase of any non-defensive item from the credit allocations of the "B" section above will be prohibited and will be regarded as unlawful possession of public property. The Supreme Defense Council is obligated to prepare a list of the major defensive items every year and present the same to the Ministries of Defense and Guards Corps.

2- Use of development credits [fixed investment], classified under number 503041 up to 35 billion rials for reconstruction and restoration of those buildings which have incurred damages as a result of occupation by the counterrevolutionaries and reimbursement of those individuals who have been victims of such losses, and furthermore construction or creation of new buildings to house the headquarters of such operations will be allocated. Of course, after proper exchange of agreement with the ministry of Plan and Budget, the allocation of such credits will be permissible.

Use of this credit is exempt from the Public Account Law and is subject to the regulations which taken into consideration the contents of this law and is proposed jointly by the Ministries of Plan and Budget, Defense, Construction Jihad, Interior, Economic Affairs and Finance for the approval of the Council of Ministers.

A- The procedures which are necessary for the designation of buildings or facilities to house the headquarters of the preliminary execution for the reconstruction and restoration projects of the war-stricken regions will be jointly prepared by the Ministries of Interior and Plan and Budget and will duly be announced.

B- The government is obligated to use a minimum of 20 percent of the development credit as stated above, solely designated for agricultural affairs and development of rural areas on a province-to-province basis.

C- The Construction Jihad Headquarters is obligated to use five billion rials of the reconstruction credits in the war-afflicted provinces to build homes for the imposed war emigrants.

D- The credit for reimbursement of damages to individuals will be a maximum of five percent of the development credit of the above-stated allocations.

E- Credit allocations reflected in the first attachment of this law, which is entitled "reconstruction credit," will be considered outside the realm of Public Accounts and will be subject to the regulations of this section.

F- The government will be obligated to report the operational procedure of this subjoinder to the Majlis every six months.

10th Subjoinder

A- All the ministries will be obligated, if requested by the Supreme Council of Defense, to give priority to the projects of this council and put all their personnel and facilities at the disposal of war operation agency.

B- Hereby, permission is granted for the use of 20 billion rials credit allocation as classified under number 530041 of the fourth section of this law to be spent on the execution of necessary and unplanned projects of the war operations which will be ratified by the Supreme Defense Council and presented to the government. After approval by the Council of Ministers, the pertinent allocations will be designated to the Ministries of Roads and Transport, Agriculture, Energy, Housing and Urban Development, Construction Jihad, Heavy Industries, Islamic Revolutionary Guards Corps and whereupon, pursuant to an exchange of agreement with the Ministry of Plan and Budget, the allocation thus designated can be used.

11th Subjoinder

Herewith, the government is given permission to use 15 billion rials in 1365 from the credit allocations as classified under number 131504 [Martyr Raja'i's Project- for assistance to the needy rural and tribal elderlies] of the fourth section of this law to allocate 3,000 rials to each needy rural inhabitant who is 60 years or older every month and, furthermore, in a collective form, prepare and distribute other essential needs to eligible individuals through the medium of the Imam's Relief Committees. In a like fashion, the welfare organization is obligated to put the necessary personnel and facilities from the Martyr Raja'i's Project at the disposal of the Imam's Relief Committee is so requested.

The pertinent regulations and the procedures for executing the contents of this subjoinder based on the proposal of the Imam's Relief Committee and confirmation by the Ministry of Economic Affairs and Finance and that of the Ministry of Plan and Budget, will be approved by the Council of Ministers within one month after ratification of this law.

12th Subjoinder

The executive organs of projects, which are subject of section "D" of the 18th subjoinder of the budget law of 1364, are obligated to complete the remainder of the operations pertaining to the credits and ratified agreements which have been duly exchanged. The balance of those allocated credits of 1364, after proper

request from the executive organ in 1365 can be reallocated and used. The Ministry of Plan and Budget will consider the above-stated requests exempt from the rules and regulations applicable to the transfer of existing credits and allocate the necessary credits for the unfinished operations in 1365. All the lawful remaining guarantees of the projects pertaining to the above subjoinder at the end of the year will be classified and considered under a single item in the budget of 1366 [21 March 1987 - 20 March 1988].

13th Subjoinder

A- A 45 billion rials credit as classified under number 105100 of the law will be allocated to cover the following expenditures:

- 1- Emigrants' pensions, 31 billion rials.
- 2- New construction and housing for emigrants [construction, completion, repair, maintenance, purchase, rental and other pertinent expenditures], 10 billion rials.
- 3- Social, cultural, health and treatment of emigrants, one billion rials.
- 4- Other services for emigrants, three billion rials.

B- Hereby, the Foundation of Emigrants' of the imposed war is authorized to take appropriate measures, and with the cooperation of the emigrants, construct dwelling quarters for them from the credits allocated for housing and construction and put the same at the disposal of the emigrants.

Based on the proposal of the Foundation of Emigrants of the imposed war and confirmation by the Ministries of Labor and Social Affairs and Plan and Budget, the executive regulations of this section will be ratified by the cabinet.

14th Subjoinder

Herewith, the Ministry of Mines and Metals is given permission to use an equivalent amount of the income which is earned from the execution of the mines law as classified under number 390400 of the third part of this law and deposited in the Public Account, from the current development credit as classified under number 503062 of the fourth part of this law, based on the pertinent agreements exchanged with the Ministry of Plan and Budget, for the purpose of exploration, outfitting and utilization of the mining operations.

15th Subjoinder

A- The maximum amount of credit allocations that are mentioned in the following sections according to the proposal of the pertinent minister and approval of the cabinet will be exempt from the restrictions of the Public Account Law and other general regulations of the government and with due consideration to the contents of this law could be duly utilized.

- 1- Fifty million rials from the credit allocations of the repair project of the service vehicles of the Ministry of Health, Treatment and Medical education.
- 2- One hundred million rials from the credit allocations of the "improvement of the tracks and rolling stocks project" solely for self-sufficiency purposes.
- 3- Seven hundred million rials from the credit allocations of the Bafq-Bandar Abbas Railway Construction Project.
- 4- One billion rials from the credit allocations for the treatment of patients with kidney disorders [dialysis and kidney transplants].
- 5- One hundred million rials from the credit allocations of the "study of mechanical industries" project for assistance to the manufacturers of agricultural machinery and tools and relevant equipment.
- 6- Twenty percent from the current credit allocations of universities, higher education institutions and other institutions affiliated with Ministry of Culture and Higher Education, and the Ministry of Health and Medical Education.
- 7- Fifty percent from credit allocations as classified under number 503042 pertaining to the expenditures of the political refugees of other countries and construction of proper camps for them.
- 8- The credit allocations pertaining to the construction of the facilities to house foreign missions of the Islamic Republic of Iran abroad.
- 9- The credit allocations as classified under number 114013 of the "Ministry of Islamic Guidance--propaganda expenditures" which are merely to be used for propaganda purposes outside the country.
- 10- Fifty percent from the credit allocations of the Transit Silo Project of Bandar Imam Khomeyni.
- 11- Fifty percent from the credit allocations of the border posts and other roads which will be constructed along the borders of the country.
- 12- Twenty percent from the development credit allocations of the provinces of Western Azarbaijan and Kordestan as deemed necessary by the planning committees of the said provinces.
- 13- Ten percent from the development credit allocations of the Ahwaz Steel Project Conglomerate, Kavian's Foundry, Gol Gohar Iron Ore Conglomerate, Modaven Foundry and the mechanization project of coal mines.
- 14- The credit allocations as classified under number 114100 of the fourth section of this law with the supervision of the minister of culture and higher education.
- 15- Ten percent of the current budget of the Ministry of Post, Telegraph and Telephone.

16- One hundred million rials from credit allocations of the project for the center for production and maintenance of medical tools and equipment of the Ministry of Health, Treatment and Medical Education.

17- Ten percent from credit allocations of the 100,000-ton silo and 300-ton windmill projects of Kerman.

18- Three billion rials from the credit allocations as specified under number 503088.

B- Herewith, the executive organs are given permission, except for the contents of the "A" section, to obviate impediments and expedite development projects, to use a maximum of five percent from that part of the credits of ratified projects and plans which are being carried out by direct administration as deemed appropriate by the relevant minister which will be exempt from the restrictions of the public account law and other general regulations of the government with due consideration to the contents of this law.

C- The credit allocations of the Supreme Council of Cultural Revolution for the year 1365, that of the Martyrs' Foundation, that of the Foundation for the Emigrants of the imposed war, that of the Islamic Propaganda Organization, that of the Literacy Movement, that of the Imam's Relief Affairs and the one pertaining to the Aid to Account 100 of the Imam to the order of the Islamic Revolution Housing Foundation will be classified under the following numbers 113600, 105005, 131600, 503086, 105100, 128000, 114006, 131501 and 503047 of the fourth section of this law. Based on the allocation of credit and the request by the proper authorized officials of the above-stated organs, the requested credits will be acceptable to be gradually met according to the needs of the institutions in question. It should be noted that such credit allocation can be exempt from the restrictions of the public account law and all such credits can be granted with due consideration to the contents of this law. The pertinent executive regulations of each of the aforementioned allocations based on the proposal of the Ministry of Culture and Higher Education, the Ministry of Health, the Ministry of Interior, the Ministry of Labor and Social Affairs, the Ministry of Islamic Guidance, the Ministry of Education and Training, the State Welfare Organization and the Ministry of Housing and Urban Development with due consideration by the Ministry of Economic Affairs and Finance and the Ministry of Plan and Budget will be approved by the Council of Ministers.

16th Subjoinder

A- Five percent of the provincial development credit of each province from the pertinent credit allocations according to the proposal of the governor-general and approval of the planning committee of the province in question will be allocated to small projects and the completion of unfinished or half-finished projects where a minimum of 30 percent of the pertinent credit has been secured by the general public. Allocation of credit from the above-stated fund will be exempt from the restrictions of the public account law and will be subject to the regulations of the budget law.

B- For the purpose of predicting the realization of the business tax receipts and attracting the participation of the tax payers in the development projects of a given region, in case in any one of the provinces the business tax receipts exceed the quota as predicted by the relevant regulations of this subjoinder, an equivalent amount of the excess tax receipts from the credit allocations of 503079 will be put at the disposal of the planning committee of the province which will be used toward construction or completion of the provincial development projects in the area of education and physical training, toward improvement of water projects, agriculture and drinking water of the rural areas. In such cases, priority should be given to the projects which are of interest to the tax payers.

C- The business tax share for each province and the method of execution of this subjoinder will be assessed according to the regulations which have been proposed by the Ministry of Economic Affairs and Finance, the Ministry of Plan and Budget and the Ministry of Interior and approved by the cabinet accordingly.

17th Subjoinder

The amount of credit allocations available for use to the universities and other institutions of higher learning from the pertinent account number as classified in the fourth section of this law under the title "the Ministry of Culture and Higher Education--necessary credit for the universities and other institutions of higher learning," will be increased according to the growth in the number of students accepted to various courses of study in 1365 as compared to the year 1364 by the said institutions and for reason of qualitative improvements in the process of education of the said courses of study on the basis of a proposal by the Ministry of Plan and Budget. The requested increase thus proposed will be determined according to the various items of expenditure and the pertinent programs and added to the credit allocations of the relevant executive organs by the Ministry of Plan and Budget.

18th Subjoinder

The credit allocations for the year 1365 pertaining to the national and provincial development projects as reflected in the attachment number one of this law up to a maximum of 30 percent will be increased as follows. No decrease of credit allocation for rural projects will be allowed so as to increase the number of urban development projects.

A- From the credit allocation of other development projects which have been decreased within a certain program according to the proposal and confirmation of the highest ranking authority of the pertinent executive organ and approval by the Ministry of Plan and Budget.

B- From the credit allocation of other development projects which have been decreased within the same chapter according to the proposal and confirmation of the highest official(s) of the relevant executive organ(s) and approval by the Ministry of Plan and Budget provided that the decrease or increase of the total credit allocations of each program does not exceed 10 percent.

C- The increase of credit allocations of provincial development projects in each chapter from the decreased credit allocations of other areas except agriculture, natural resources, industries, mines, water resources, public education and training programs, technical and vocational training, health, treatment and nutrition up to five percent with due consideration to the contents of the A and B sections of this subjoinder. Any excess credit available for transfer under the above-stated chapters will be permitted only once in a year according to the proposal of the pertinent executive organ and approval by the planning committee of the province in question.

19th Subjoinder

A- Herewith, permission is granted so that the credit allocations as classified under number 105004 of the fourth section of this law entitled "the Ministry of Interior--Aid to municipalities of the country," according to a proposal by the Ministry of Interior and approval of the Ministry of Plan and Budget and ratification by the Council of Ministers can be divided among the municipalities of the country. A minimum of 80 percent of the aforementioned credit must be divided among the non-provincial capital municipalities and priority should be given to the war-afflicted regions.

B- Hereby, permission is granted to the Ministry of Plan and Budget so that with the participation of the Ministry of Interior they allocate the proper credit quota of Tehran's Bus Company and those of other cities from the credit allocations as classified under number 503006 and 503007 of the fourth section of this law as they deem necessary.

20th Subjoinder

A- The local executive organs are obligated, at the latest, one month from the date of this law to prepare their proper planning agreements pertaining to their own current credit allocations as reflected in the fifth section of this law according to the required programs and exchange the same with the Plan and Budget Organization.

B- Until the agreements pertaining to the description of the operations of the current credit allocations as reflected in section "A" of this subjoinder becomes ready for exchange with the Plan and Budget Organization, the local current credit allocations of the executive organs up to the limit which has been allocated by the pertinent committees as reflected in the section "B" of the 21st subjoinder of this law can be utilized accordingly.

C- Any credit allocation in the 8th article of the budget for the executive organs, except for the Armed Forces of the Islamic Republic of Iran, the Ministry of Information and the Prime Minister's Office will be prohibited. The credit allocations pertaining to the 8th article of the Armed Forces of the Islamic Republic of Iran can be utilized with the proper approval of the Supreme Council of Defense and accordingly a report on the expenditures from the above-stated credit allocations must be forwarded to the said council every three months.

D- Any increase in the current credit allocations for each program of expenditures of the various ministries and other governmental institutions as reflected in the fourth section of this law and those of the local executive organs pertaining to the agreements describing their operations as mentioned in section "A" of this subjoinder with the exception of the articles 1, 2, 8, 17 and 20 which are not allowed to increase and except the two Ministries of Education and Training and that of Culture and Higher Education [all the universities and higher education institutes, and other affiliated institutions], the instructive or educational units of the Ministry of Health, Treatment and Medical Education which can increase the 1st and 2nd article's contents pertaining to credit allocations up to three percent. Similarly, a maximum of ten percent credit from the unused credit allocations of other projects--provided that no appreciable changes occur in the total current credit allocations of the pertinent organs--will be permissible for use based on the proposal of the highest ranking official of the executive organ and confirmation of the Ministry of Plan and Budget or that of the provincial plan and budget organization.

E- The transfer of the current credit allocations between the local executive organs which are eligible to receive provincial budget credits as reflected in the fifth section of this law, according to the proposal of the relevant local executive organs, confirmation by the Plan and Budget Organization and that of provincial committee can receive a maximum of five percent of the ratified budget of each local executive organ one time per year with due regard to the ten percent limit as stated in the "D" section above, provided that no appreciable change will occur in the total credit allocations of the province in question.

21st Subjoinder

A- In order to expedite the national and provincial development projects and facilitate the relevant payments, authorization is hereby given:

1- To the committee in charge of allocating credit, until the end of the month of Khordad 1365[21 June 1986], to allocate, on a provisional basis the necessary credit for the development projects which are reflected in attachment number one of this law and whose proper description of operations have not for some plausible reason been announced by that time.

The Ministry of Plan and Budget and the executive organs are obligated to give priority consideration to the credit allocations which are provisionally designated over the credit allocations of other operations in the relevant descriptive agreements of the said projects.

2- To the Ministry of Economic Affairs and Finance to allocate a revolving fund equivalent to ten percent of the credit allocation of each development project to the national and provincial executive organs so that on the basis of the appropriation, such credits can be duly utilized. Moreover, for the purpose of bringing into operation productive plants of building materials and other accessories and creating a proper seasonal compatibility in the supply and demand of

the building materials and other accessories, up to five percent from the ratified credits for the national and provincial projects of 1365 can be allocated for the purpose of building materials and other necessary spare parts and workshop equipment. Likewise, the executive organs will be obligated to deduct such provisional credit allocations from the total designated allocations after the purchase and delivery of the necessary materials and equipment and deduct the same from the credit allocation of those projects which are carried out by contractors; similarly, only those organs can utilize the benefits of this revolving fund who have paid their previous year's debts pertaining to the provisions of this subjoinder.

The executive regulations of this section, according to the joint proposal of the Ministry of Plan and Budget and the Ministry of Economic Affairs and Finance will be ratified by the cabinet accordingly.

The revolving fund pertaining to the provisions of this subjoinder must be deposited into the pertinent account until the end of 1365, at the latest.

B- All the annual current and development credits of each province will be allocated separately and on certain dates by the pertinent provincial committee in charge of allocation appropriation so as to be properly designated by the said committee which is composed of the deputy governor-general in charge of development projects, the director general of the economic affairs and finance and the director of the plan and budget organization of the province in question.

The committees in charge of credit appropriation are duly obligated to allocate the development credits of the fourth quarter of Kordestan and Western Azarbaijan until the first of the month of Aban [23 October], at the latest.

22nd Subjoinder

A- All the credits pertaining to the projects which are reflected in the sixth section of attachment number one of this law entitled "Revolution's 10th Year Development Projects" are duly ratified for the period of execution and hereby the government is given proper authorization in addition to the credit expenditures of 1365 to guarantee the proposed amount of credit allocations for 1366 [21 March 1987 - 20 March 1988] and that of 1367 [21 March 1988 - 20 March 1989]. The executive organs in charge of development projects as reflected in this subjoinder are obligated to complete all the pertinent operations of the executive projects for the maximum ratified credits and the period of time as specified therein. The Ministry of Plan and Budget will exchange the proper project description pertaining to the said projects for the period of execution with due regard to the appropriate timetable with the agreement of the pertinent executive organs.

B- All the executive organs in charge of the projects which are subject to the section "A" of this subjoinder can take appropriate measures for payment of the credits to expedite the execution and completion of the relevant projects up to the total of the credit allocations as the ratified credit ceiling for 1365

allows for each project based on operation description and pertinent expenditures without consideration of the date or timetable of the said expenditures. The committee in charge of credit appropriation with due consideration of priority upon a request by the relevant executive organs will allocate the necessary credits for such projects up to the amount ratified in 1365.

23rd Subjoinder

A- The method of opening bank account, requisitioning funds from the credits' treasury and preparation of accounts pertaining to income and expenditures in the year 1365 of the Ministry of Construction Jihad as reflected in this law and also the credit allocations of the provincial projects which are mentioned in the attachment number one of this law under the title of Construction Jihad of the provinces and tribal centers as long as the pertinent financial rules and regulations have not been ratified by the Islamic Consultative Assembly according to the 9th article of the Construction Jihad law, will be exempt from the restrictions of the public accounts and will be subject to the contents of the present law.

B- The Construction Jihad Ministry is obligated to deposit all of its revenues from the production and service units in the treasury. The expenditures pertaining to the production and service units plus the revolving fund of the tribal cooperatives will be met from the above-stated incomes up to a maximum of five billion rials as classified under number 14,950 of the fourth section of this law.

24th Subjoinder

A- The planning committee of the province with the agreement of the executive organ and confirmation by the Construction Jihad, can designate the whole executive operations or that of some pertaining to any single one or a few projects from the provincial ones to the Construction Jihad for execution.

B- The directors of the executive organs can with their own foresight and responsibility designate the whole executive operations or that of a certain number of the national development project (s), with due regard to the capacity and executive eligibility to the Ministry of Construction Jihad so that after the approval of the said ministry the proper measures can be effected.

C- In cases where in conformance with the sections "A" and "B" of this subjoinder the executive operations of the whole or a certain number of national or provincial projects are designated to the Ministry of Construction Jihad, the task of the executive organ in charge of the project in question will be shifted to the Ministry of Construction Jihad or that of the province.

D- The credit allocation of the national or provincial plans or projects pertaining to the sections "A" and "B" of this subjoinder in order of requisitioning of fund from the Jihad Council of the province and the minister of the Construction Jihad will be gradually payable accordingly. The responsible accountant or controller of the provincial development projects will consider the

paid allocation, or a receipt from the Construction Jihad, as provisional payments and he will be obligated by the end of 1365 to forward a letter of acknowledgement from the designatory organ of the executive operations, as to the nature of progress of the work and from the standpoint of quality of the operations, to the debtor. Based on this acknowledgement all the payments can be designated as final expenditure. In case by the end of the month of Esfand 1365 [20 March 1987], the Construction Jihad has not forwarded the aforementioned acknowledgement letter, the responsible account controller will consider the credit payments as final and deduct the same as pertinent expenditures while reporting the march of events or proceedings to the national accounting office.

25th Subjoinder

Herewith permission is granted:

A- The guaranteed unpaid credit allocations of development projects pertaining to the years 1358 to 1364 [21 March 1979 - 20 March 1980 to 21 March 1985 - 20 March 1986], which had been considered with due consideration to the regulations within the ratified credits, can be paid for from the pertinent project credit of 1365. Furthermore, the aforementioned guaranteed credit payments as reflected in this section, proportionate to the volume of the work under execution by the relevant contractors will be duly payable.

B- As regards the creditors before the advent of the revolution, namely from 1352 to 1357 [21 March 1973 - 20 March 1974 to 21 March 1978 - 20 March 1979], after the investigation of the courts pertaining to the 49th article of the constitution and obtaining proper acquittance or settlement of account from the banks, the Ministry of Economic Affairs and Finance and the Social Welfare Organization, the government's debt can be paid.

C- Moreover, the guaranteed credit payments of the above-stated years [section "A"] pertaining to those projects which have been created according to the contents of this law and their operations have been completed or they have completely come to a halt, their credit allocations from the pertinent fund or with the supervision of the Ministry of Plan and Budget from the credit allocation of the fourth section of this law will be paid. The Ministry of Plan and Budget is obligated to present a descriptive report of the aforesaid proceedings to the planning and budget commission of the Islamic Consultative Assembly every three months.

26th Subjoinder

A- Hereby, permission is granted to the State Geological Organization to receive the equivalent reimbursement for the specialized services as classified under number 410513 of the third section of this law from the credit allocations of the classified number 502081 of the fourth section of this law and spend the same without observing the restrictions of the public account law or other government regulations, after due consideration of the contents of this present law.

B- Herewith, permission is granted to the Institute of Standards and Industrial Research of Iran to obtain the surplus receipts or earnings each month as classified under number 410511 and 420305 equivalent to 12 million rials and a maximum of 20 million rials from the credit allocations as classified under number 503001 of the fourth section of this law and spend the same on research, purchase of laboratory equipment and improving or enhancing the level of work of its specialized personnel throughout the country according to the agreement reached with the Ministry of Plan and Budget.

27th Subjoinder

A- The executive organs can sell their half-finished or fully completed subsidized residential units in Tehran or other large cities where necessity dictates their immediate use and deposit the income from the advance sale or otherwise with the treasury in an account entitled "the program for the completion of subsidized housing."

B- Hereby, permission is granted so that 50 percent from the above-stated revenues [section "A"] pertaining to this subjoinder without any need for a new credit allocation and with the joint signatures of the responsible accountant and the minister of housing and urban development, will be allocated for the completion of partially finished or building of new subsidized housing in the deprived regions of the country by the pertinent executive organs.

C- The construction of new subsidized housing must be carried out with the agreement of the Ministry of Plan and Budget provided that no new financial responsibility is created for the government.

D- The final sale price of the aforementioned homes will be based on a reasonable price assessed by pertinent experts. The quality and cost of construction and other secondary factors will be taken into consideration.

E- The executive regulations of this subjoinder will be prepared by the Ministry of Housing and Urban Development, the Ministry of Economic Affairs and Finance, and the Ministry of Plan and Budget and presented for approval to the cabinet three months after the ratification of this law, at the latest. In the aforesaid regulations with due consideration to priority of sale to government or non-government employees, a special commission should be created so that the process and propriety of sale can be determined properly.

F- The government is obligated to report the operation procedures of this subjoinder, once every four months, to the Ministries of Housing and Urban Development and the Plan and Budget and the pertinent commission of the Islamic Consultative Assembly.

28th Subjoinder

Herewith, the Ministry of Housing and Urban Development is obligated:

A- To sell or pre-sell completed or partially completed low-priced housing units and deposit the revenues thus earned in an account with the treasury under the

name of the Ministry of Housing and Urban Development "The program for the completion of the low-priced houses."

B- Hereby, permission is granted to withdraw 50 percent from the aforementioned revenues [section "A"] of this subjoinder without any need to a new credit allocation and with the joint signatures of the responsible accountant and the minister of housing and urban development, from the treasury for the completion of partially completed or building of new low-priced subsidized homes in the deprived regions.

C- The construction of new houses or completion of the half-finished ones which pertain to this subjoinder will be carried out through a proper agreement with the Ministry of Plan and Budget.

D- Where the low-priced houses have not been sold after a one-time official announcement and after the expiration of the deadline, according to the determination of the minister of housing and urban development such houses will be changed into government subsidized housing units.

E- The teachers and other employees of the Ministry of Education and Training under equal circumstances will be given priority.

F- The executive regulation of this subjoinder will be prepared by the Ministry of Housing and Urban Development, the Ministry of Plan and Budget and the Ministry of Economic Affairs and Finance and duly approved by the cabinet.

29th Subjoinder

Herewith, the government is given permission in 1365 to allocate a maximum of 15 billion dollars of the foreign currency from the foreign exchange revenues of the same year to various transactions [free trade, barter, etc.] as described in the charts of the pertinent law with due consideration to the monetary and banking laws of the country.

A- All the guaranteed credit allocation pertaining to 15th subjoinder of the foreign currency budget law of 1364 which have been designated to foreign transaction and whose requested date for allocation in the secretariat of foreign exchange allocation committee belongs to 1365 credit allocations, will receive priority over other needs.

B- Foreign exchange receipts which are surplus to the prescribed revenue from oil as reflected in this law, will be transferred to the foreign currency revenues and an equivalent foreign exchange in rials will be paid in rials to the creditor account of government debit with the Central Bank of the Islamic Republic of Iran.

C- All the policies, regulations and the amount of foreign exchange quota pertaining to the various sections covering varieties of areas as reflected in the chart number two will be determined with due consideration to major tariffs by

the Foreign Exchange Allocation Committee which is composed of the ministers of the economic affairs and finance, plan and budget, oil, the director general of the Central Bank of the Islamic Republic of Iran, prime minister's representative and two Majlis deputies who will attend the meeting as observers. The Foreign Exchange Allocation Committee and the executive organs are obligated to give priority to the foreign currency needs of the development projects of the 10th year of the revolution pertaining to the production and substructural sectors.

D- An increase of ten percent for the figures pertaining to chart number one and 20 percent for the figures pertaining to the government and non-government affairs of chart number two will be allowed from the credit allocations of other projects which have experienced a reduction after a proposal by the Foreign Exchange Allocation Committee and approval by the cabinet.

E- The Foreign Exchange Allocation Committee is obligated to regulate the foreign currency allocation quota in such a way so that at least ten percent of the foreign exchange earnings will be saved in the special account with the Central Bank of the Islamic Republic of Iran and this reserve will not be available for use unless under necessary circumstances for the purchase of defense equipment, after due ratification by the cabinet and a maximum of 50 percent of the amount which is thus available in the said account.

F- Furthermore, the Foreign Exchange Allocation Committee is authorized, in addition to the utilization of the credit amounts reflected in the chart number two which are allocated to alleviate the necessary needs of the various sectors, particularly the development sectors, to make available a maximum of 30 percent of the aforesaid foreign exchange quota [except the essential commodities] in the form of time-dependent transactions where their date of request for such foreign exchange credit allocation from the secretariat of the pertinent allocation committee applies to future development projects.

The Foreign Exchange Allocation Committee is obligated to allot the necessary foreign currency to meet the guaranteed credit undertakings applicable to this section, in the relevant year over and above all other foreign exchange needs of the country.

G- The Ministry of Petroleum is obligated to prepare a monthly report by the fifth of every month, at the latest, on oil sale and its revenues and also other pertinent forecasts for successive periods of one, two and three months into the future and forward the same to the Foreign Exchange Allocation Committee and the plan and budget, commerce and oil commissions of the Islamic Majlis.

H- The Central Bank of the Islamic Republic of Iran is obligated, every three months, to present a report on the receipts, payments and the use of foreign exchange both in a tariff form and by sector, to the Foreign Exchange Allocation Committee and the Plan and Budget Commission of the Majlis.

30th Subjoinder

In order to provide the grounds for an effective use of the money supply by the banking system of the country and to put into action the banking operations without interest, protecting the people's bank deposits and encouraging them to directly participate in investing in the development projects the following measures will be adopted.

1- The government is obligated to take appropriate steps regarding the transfer of holdings, principal agreements, and permits for establishing and operating the above-stated projects and likewise it should give priority in providing proper facilitating services to similar projects of government organs.

2- The executor banks are obligated through the purchase of the expert services of the private sector and that of government organs and personnel, to take the necessary action and for the purpose of putting the aforementioned projects into operation it should form public proprietorship company.

3- In case the government deems it necessary in the interest of the general public, it will be obligated to lower the cost price of production goods from the regular level and similarly take proper action in providing payment guarantees for the difference, provided that the quality of work and productivity stand at an acceptable cost price of similar units' products.

4- In order to offset any probable damages as a result of capital outlay and its normal return of profit, the government is obligated to allocate the annual gain of the banks which are in charge of executing this project or if necessary, the annual gains of the Central Bank of the Islamic Republic of Iran, before the imposition of taxes, as the necessary reserve for the execution of the said project.

5- The evaluated expenditures for the above-stated projects will be considered a repayment of the government's debt to the banking system of the country.

6- The executive regulations of this subjoinder regarding the management, transfer period and method of utilization of the pertinent personnel of those projects which are subject of the present subjoinder according to the joint proposal of the Ministries of Industries, Heavy Industries, Mines and Metals and the Energy and confirmation by the two Ministries of Economic Affairs and Finance and that of Plan and Budget, will be approved by the Council of Ministers two months after the ratification of this law.

31st Subjoinder

The use of the current and development credits, which in one way or another according to the present law are exempt from the restrictions of the public account law and other general government regulations or that of the rules pertaining to government transactions [except the expenditures pertaining to the 9th subjoinder of this law and the section "A" of the 45th subjoinder of the budget law of 1364],

will be solely subject to the single article and subjoinders of this law and the 61st subjoinder of the budget law of 1360 [21 March 1981 - 20 March 1982] and the following rules and regulations:

A- An exchange agreement with the Ministry of Plan and Budget is obligatory and all the executive organs are bound to observe the contents of the said agreement.

B- The responsibility for differentiation [distinction], confirmation, issuance of drafts and carrying out obligations as regards the executive organs of the Islamic revolution, where and when applicable fall on the highest ranking official of the pertinent organization or other authorized officials appointed by the aforementioned authority.

C- The funds necessary to cover the required expenditures will be provided from the credit allocations of this subjoinder for the executive organs with the request of the responsible account controller of the said organ, and for those organs which do not have a responsible controller, the request for credit allocation can be made by the official in charge of financial affairs of the organ in question who has been or will be introduced to the Ministry of Economic Affairs and Finance by the pertinent authorities and the credit thus allocated will be deposited by the treasury in the pertinent account with the Central Bank of the Islamic Republic of Iran in Tehran and in the branches of the Bank Melli of Iran in other cities where applicable. Withdrawal from the aforementioned accounts requires two authorized signatures and one of these two signatures has to be that of the responsible account controller or other relevant financial official.

D- The allowable limit and method of execution of the transactions with due regard to the interest of the government will be as follows:

1- The responsibility for transactions up to one million rials will be that of the official in charge of purchase or procurement.

2- For transactions from one million and one rials up to five million rials, with the confirmation of the purchasing official or the procurement agency or the approval of the highest ranking official of the executive organ or other authorized person.

3- For transactions over five million rials, with the confirmation and responsibility of the relevant minister or the highest ranking official of the pertinent organ.

E- The amount of advance payment which is not going to be over 40 percent, and that of revolving funds and deposits for the proper execution of work and the amount of guaranteed payments for such purposes will be authorized by the highest ranking official of the organ in question or the person appointed by him.

F- All the papers or documents pertaining to the executed expenditures ought to accompany the following documents.

1- Preparation of an agreement or receipt of an invoice, except in emergency cases where the need for securing certain commodities can not be determined in advance and where purchase is carried out as a result of necessity and the government and other affiliated institutions, municipalities, the banks and other Islamic revolution organs have had no association or connection, one way or the other.

The propriety of judgement for emergency situations will be the responsibility of the highest ranking authorities of the said organs or other authorized individuals appointed by them. The list of pertinent purchases has to be forwarded to the State Accounts Office no later than one month after the purchase of the items in question.

2- As regards the domestic purchases, the relevant invoice or the procès verbal for the purchase with due consideration to the contents of the first section above, warehouse receipt or a report of delivery proceedings will be required.

3- As regards the foreign purchases, a bank statement, the seller's invoice, customs clearance documents, warehouse receipt or a procès verbal pertaining to the delivery of goods will be required.

4- As regards the payment of wages, salaries, benefits or other personnel expenditures, the proper certificate of authorization for the execution of work from the authorized officials and the signature of the receiving party or the bank's receipt declaring the deposit of the fund in question will be needed.

5- Use of credit allocations pertinent to sections 8, 9 and 18 of the 15th subjoinder and of section "D" of the 7th subjoinder and the category as classified under number 114006 of the fourth part of this law as regards the foreign expenditures of the country will be duly authorized with the signature of the relevant minister or the highest ranking official and the signature of the individual in charge of financial affairs of the executive organ in question.

6- As regards the projects which are designated to contractors, the pertinent agreement and confirmation receipt pertaining to the delivery of goods or execution of the service as reflected in the said agreement by the highest ranking official will be required.

G- All the executive organs are obligated to record this type of credit allocation separately and independently and present the same to the State Accounts Office and the Ministry of Economic Affairs and Finance whenever asked to do so.

The method for preparing and arranging the accounts pertaining to this subjoinder for the Islamic revolution organs will be announced by the Ministry of Economic Affairs and Finance.

H- All the goods or effects which are purchased from the credit allocations of this subjoinder will be considered as government property and any deviation or transgression will be regarded as unauthorized possession of government property.

I- The description of all the terms which have been used in this subjoinder will be subject to the definitions reflected in relevant rules and regulations.

J- With due regard to the above-stated points, the executive regulations of this subjoinder, one month after the ratification of this law, at the latest, as necessity arises according to the proposal of the pertinent minister(s) and confirmation of the Ministries of Economic Affairs and Finance and that of Plan and Budget will be approved by the cabinet.

All the subjoinders which have not so far been annulled will have the effect of law.

32nd Subjoinder

Hereby, permission is granted to the industrial ministries of industries, heavy industries, and mines and metals to deposit all the revenues from the consulting, technical and publication services for the applicants of new industrial units, according to the pertinent regulations which has been approved by the Supreme Council of Industries, in the treasury.

The aforementioned ministries can receive credit allocation up to the amount of their total revenue as reflected in this subjoinder from the pertinent classified section of the budget laws based on the agreements between the Ministry of Plan and Budget and the ministry in question.

33rd Subjoinder

A- For the purpose of creating new jobs, giving a lift to and providing an opportunity for the growth of the reduced fixed and revolving investment capital, creating and expanding agricultural, industrial, mineral, building materials and rural industries production centers, and for the purpose of enhancing the production activities of the deprived or capable region of the country with due priority to the rural, cooperative and private sector production, the Central Bank of the Islamic Republic of Iran is obligated to provide the necessary credit facilities for the aforesaid projects which have proper technical, economic and financial viability from the local banking sources and where there is a lack of sufficient fund in the local banking system provide the same from other banks.

The maximum annual credit allocation from the sources applicable to this subjoinder will be 80 billion rials.

The Ministry of Plan and Budget will include the outstanding dues pertaining to the execution of those supervised production projects whose credit grant has been approved by the cabinet, for each year, up to a maximum of five years, according to the proposal of the Central Bank of the Islamic Republic of Iran in the budget

bill. The total amount of these credits must not exceed ten percent of the allowable credit allocations. The mere guarantee for such credits will not deter the provincial banks from carrying out their task in order to collect unpaid or suspended dues resulting from such credit allocations. All the beneficiaries or users of the credit allocations as discussed in this subjoinder will be obligated to repay bank dues and non-payment of such debt will be considered as unlawful possession of government property.

The pertinent executive regulations of this segment will be ratified by the Council of Ministers according to the joint proposal of the Ministry of Plan and Budget and the Central Bank of the Islamic Republic of Iran.

From the date of approval of this law, the permanent 64th subjoinder of the budget amendment law of 1352 [21 March 1973 - 20 March 1974] and that of the annual budget of 1353 [21 March 1974 - 20 March 1975] will be null and void.

B-- The Army Bank with the cooperation of the Ministry of Interior and the Ministry of Plan and Budget will be obligated, after due investigation, to sell all or part of the properties of those cooperatives which are covered by the development and production expansion services centers of the provinces and who do not have the capability of repaying their dues, according to the regulations and after signing of a contract and thus secure its loan and pay the dues of the government accordingly.

All the cooperatives affiliated with the development and production expansion services centers of the provinces can be relieved from the cover of the said centers after paying their last installment.

According to the joint proposal of the Army Bank and the Ministry of Plan and Budget to the Interior Ministry, the executive regulations of this section will be approved by the cabinet.

34th Subjoinder

Herewith, the Ministry of Health and Medical Education is granted permission to secure and pay that part of the pertinent expenditures which arise as a result of the execution of the law pertaining to the medical professional services and other affiliated medical and paramedical professions for the month as ratified on 15 November 1981 and its amendment which was approved by the Islamic Consultative Assembly on 18 November 1984 which as determined by the two ministries of Health and Medical Education and that of Plan and Budget which can be allocated from the credits of the regional health organizations of the provinces and can be duly secured from the pertinent classified section of this law.

According to the proposal of the Ministry of Health and Medical Education and confirmation by the Ministries of Plan and Budget, and that of Economic Affairs and Finance the executive regulations of this subjoinder will be ratified by the Council of Ministers. The Ministry of Health and Medical Education is obligated to forward a report on the proceedings of this subjoinder to the Majlis every four months.

35th Subjoinder

A- The current credits of the veterinary, forestry [except that of Gilan and Mazandaran], animal husbandry, plant protection departments and the office of agriculture, cotton and oilseeds expansion of the provinces and also those of the development organization of Mahidasht and Pol-e Zahab should be merged and be reflected under the section pertaining to the current credits of local executive organs in the provinces in the yearly budget, entitled "the program for control of rural and agricultural affairs" and "the program for agricultural and rural services," under the head agriculture departments of the provinces.

B- In order to provide the possibility for securing the cadres needed by the agricultural services centers from among the employees of the agricultural departments of the provinces, hereby permission is granted, based on the proposal of the executive organ and confirmation by the provincial plan and budget organization to increase the level of credit allocations which is pertinent to local executive organs' credits in the provinces in the annual budget law entitled "the program for agricultural and rural services" as it deems necessary, provided that no appreciable change is made in the total current credit allocations of the agricultural departments of the provinces. Any reduction of the credit allocations pertaining to the aforementioned program is prohibited.

C- The Plan and Budget Organization is obligated according to the proposal of the provincial agricultural department, one month after the announcement of the annual budget law to separate the projects entitled "the agriculture head office-centers for rural and agricultural services" as reflected in the attachment pertaining to development projects [fixed capital investment] of the said law, according to the type of services of each agricultural and rural center and prepare a separate project for each and exchange the pertinent operation description agreement accordingly.

36th Subjoinder

A- Appropriation and payment of any kind from the current and development credit allocations as described in the budget law of 1365 and the budget laws pertaining to the following years by the various ministries, government institutions and companies, the Islamic revolution organs and use of government facilities and employees for the purpose of collecting information, writing, organizing, printing and publishing in any kind of newspaper, magazine and similar publications or other kinds of documents such as propaganda leaflets, banners, brochures, posters or placing printing orders for any kind of newspaper ad such as congratulations, condolences and appreciation notices in the various newspapers of the country is prohibited.

This prohibition covers all the credit allocations of the various above-stated organs, whether or not those credits are exempt from the restrictions of the public account law or other general government regulations.

The Ministry of Islamic Guidance, the Islamic Propaganda Organization, the Ministry of Foreign Affairs [as determined and confirmed by the minister of foreign

affairs, for the execution of propaganda affairs in the countries where the Ministry of Islamic Guidance does not have a cultural mission] and also the research and educational planning organization of the Ministry of Education and Training will be exempt from the restriction of the above-stated paragraph.

B- Furthermore, the interdepartmental bulletins, circulars and brochures which are published by the various ministries, governmental companies and institutions, and the Islamic revolution organs according to the regulations and format as determined by the Islamic Guidance Ministry will be exempt from the restrictions of the section "A" of this subjoinder.

C- The Ministry of Islamic Guidance is authorized [with the confirmation of the Ministry of Culture and Higher Education] to place printing orders for materials in the scientific, technical and educational area in only one magazine [and if need be two or more] from any of the pertinent credit allocations of the section "A" of this subjoinder.

Moreover, printing of books will be unprohibited with the agreement of the Ministry of Islamic Guidance and regarding the textbooks and other scientific and university publications this ministry will be obligated to observe the view of the Ministries of Education and Training and that of Culture and Higher Education.

The revenue from the sale of books and other publications with proper consideration to the views of the two above-named ministries will be deposited in the State Public Income Account. Five percent of the total circulations from the above-stated publications will be allowed for donation and distribution to the public libraries and other scientific centers of the country.

D- The Ministry of Islamic Guidance is obligated to have complete supervision over the operation of the abovementioned organs and organizations as reflected in the section "A" of this subjoinder and give them a warning in case of transgression and if the violation is repeated, it should report the same to the Islamic Consultative Assembly.

37th Subjoinder

All the ministries, the governor-generals, the directors of the executive organs and the Central Committee of the Islamic revolution, the Islamic Propaganda Organization and the Qom propaganda office, the Literacy Movement and Foundation of the Martyr, the Foundation for the affairs of the emigrants of the imposed war, the relief foundation of the imam and any other organ or institute which uses public revenues will be obligated to send a list of all the expenditures and operations which are carried out in the various ministries, government institutions and other Islamic organs under their supervision according to particular legal axes outside of the public account law and other general regulations or those operations which are carried out from the credit allocations of article 17, together with a descriptive report through the office of the prime minister to the planning and budget and other commissions of the Majlis every four months.

38th Subjoinder

A- The development credit allocations classified under number 503078 of the fourth section of this law and the budget laws of the years thereafter which are entitled "establishment of pilot experimental units" which are merely meant to help enhance the level of technology through the construction of pilot experimental units for the production and expansion of experimental and new products by the Scientific and Industrial Research Organization of Iran in the production and research areas are the links between the agricultural sector, industry and capital goods and those of raw materials and chemical industry. According to the agreements pertaining to each project which is exchanged with the Ministry of Plan and Budget, new allocations will be appropriated and their use will be exempt from the restrictions of the public account law and other general regulations of the government and will only be subject to the regulations which according to the contents of the budget law of the year in question and the article of association of the Scientific and Industrial Research Organization of Iran, based on the proposal of the minister of culture and higher education and confirmation of the Ministry of Economic Affairs and Finance and that of the Ministry of Plan and Budget which will be ratified by the cabinet accordingly.

B- The Scientific and Industrial Research Organization of Iran is obligated to deposit all the revenues from the sale of franchise permits for new products or the direct sale of the products produced by the pilot or experimental units in the treasury and receive an equivalent credit allocation for the execution of the operations pertaining to paragraph "A" as classified under number 503001 [unforeseen expenditures] of the annual budget law.

The said organization is obligated to present a report of its operation to the culture and higher education, industry and plan and budget commissions of the Majlis.

39th Subjoinder

Hereby, the National Birth and Death Registration Organization [the Census Office] is given permission to receive 50 percent of its income from the census and registry services medium [subject of article 35, amendment to census law, as ratified in the month of Day 1363 - 20 December to 20 January 1985] up to a maximum of one billion rials annually [for a period of five years] from the treasury and based on the agreement that it will exchange with the Ministry of Plan and Budget the use of the said amount to meet the basic improvement expenditures of the census and registry [birth certificate renewal] according to the relevant regulations.

40th Subjoinder

Herewith, the government is given permission to put the necessary credit allocation for the purpose of completing and outfitting the existing census units and creating new ones and for the purpose of expanding and improving the registry

services throughout the country, at the disposal of the State Document and Property Registration Organization up to 673 million rials annually [for a period of five years] from the credit allocations as classified under number 108501 [State Document and Property Registration Organization--completion, outfitting and expansion of registry units] of the state budget law so that according to the agreement which will be exchanged with the Ministry of Plan and Budget the said credit will be used to defray the relevant expenditures.

The executive regulations of this subjoinder and the above-stated 5-year program and the method of utilization of the credit allocations which will be exempt from the restrictions of the public account law and other general regulations according to the proposal of the minister of justice and confirmation of the Ministries of Economic Affairs and Finance and that of Plan and Budget will be ratified by the cabinet.

41st Subjoinder

Herewith, permission is granted to the State Central Cooperative to use three percent of the cooperative receipts according to the program approved by the State Supreme Council of Technical and Vocational Training and the agreement which has been reached with the Ministry of Plan and Budget, toward cooperative training.

42nd Subjoinder

A- Hereby, permission is granted to the State Administrative Affairs and Employment Organization and its affiliated organs to receive the necessary preparation cost of printing and publishing of laws, regulations, books, pamphlets on administration and employment, old documents, extending of administrative counselling services, and offering of specialized courses from the applicants and deposit the same in the treasury.

B- Every year a credit allocation equivalent to 50 percent of the total deposited earnings from the section "A" [above] in the budget law entitled "printing and publication expenditures of employment laws--assistance" will be considered and their use will solely be subject to the regulations which according to the pertinent year's budget law regulations with the proposal of the State Administrative Affairs and Employment Organization will be approved by the Council of Ministers

43rd Subjoinder

A- Hereby, permission is granted to the Ministry of Roads and Transport to evaluate the necessary cost for the performance of computer services and receive the same from the applicants and deposit the receipts in the treasury.

B- Every year a credit allocation equivalent to 50 percent of the total deposited income from the "A" section of the budget law entitled "computer services expenditures--assistance" will be considered and its use will solely be subject to the regulations which according to the pertinent year's budget law regulations with the proposal of the Ministry of Roads and Transport will be approved by the cabinet.

44th Subjoinder

In executing the law pertaining to the rental of machinery, the Ministry of Roads and Transport is hereby given permission to deposit 50 percent of the earnings in an account entitled "the Ministry of Roads and Transport, program for rental of machinery" in the treasury and through pertinent requisition jointly signed by the financial controller and the minister of roads and transport or his authorized representative receive the equivalent sum in order to defray the relevant repair and maintenance cost of the machinery. It should be noted that this credit allocation is exempt from the restrictions of the public account law and other government regulations.

45th Subjoinder

Hereby, the Ministry of Health and Medical Education is given permission to deposit all the revenues from the sale of narcotics [narcotic medication] in the treasury and receive an equivalent amount for the purchase and manufacturing cost of narcotic drugs, at the end of each month.

46th Subjoinder

The Ministry of Defense is granted permission, herewith to withdraw up to 25 percent of the revenues of the garrisons, military bases and units of the Islamic Republic Army which is deposited in the State Public Accounts from the treasury and put the same at the disposal of the above-stated units for defraying necessary and unavoidable expenditures.

According to the proposal of the Ministry of Defense and confirmation by the Ministry of Economic Affairs and Finance, the executive regulations of this subjoinder and the method of distribution of the receipts from the treasury will be ratified by the cabinet.

47th Subjoinder

Hereby, the 45th subjoinder of the state budget law of 1364 is amended as follows:

In the "D" paragraph and sections (1) and (2) of the same after the term "credit for military equipment" the new term "and service and preparatory items" will be added.

48th Subjoinder

The Ministry of Defense is hereby given permission to provide and defray all the pertinent expenditures of the agricultural activities, stock breeding and assistance to the crusade for self-sufficiency of the three military forces from the accrued revenues and deposit the remaining balance in the treasury to be added to the State Public Accounts.

The executive regulations of this subjoinder and the method of personnel co-operation and participation in the aforementioned activities, provided that it

does not affect their combat readiness, upon a proposal by the Ministry of Defense and the confirmation of the Ministry of Economic Affairs and Finance will be ratified by the Council of Ministers.

49th Subjoinder

A- Herewith, permission is granted to the Ministry of Education and Training for the purpose of securing part of the necessary expenditures of the training courses project for the continuation of studies of the personnel of the ministries [4-year semi-attendance courses] to receive part of the registration or tuition from the applicants.

B- All the earnings from "A" paragraph [above] will be assessed annually and added to the total revenues.

C- Annually, a credit allocation equivalent to the necessary expenditures will be secured under the title of "the Ministry of Education and Training, part of the needed expenditures of the training courses project for the continuation of studies of the government personnel--assistance" and its use will be exempt from the restrictions of the public account law and other general government regulations and it can be duly utilized with proper consideration to the contents of this law.

50th Subjoinder

A- Hereby, permission is granted to the Environmental Protection Organization to receive an admission fee which will be determined by the said organization after confirmation by the Ministry of Plan and Budget and ratification of the cabinet from the visitors of the national parks of Golestan, Urumieh, Bamu, Tondareh, Khohir and Sorkheh Hesar in lieu of the facilities and services which are provided by the said organization and deposit the same in the public income account.

B- The Environmental Protection Organization will be authorized to trust the administration and management of the national parks which are mentioned in paragraph "A" [above] of this subjoinder to the private sector and deposit the receipts in the public income account.

C- Through an agreement which will be exchanged with the Ministry of Plan and Budget, the Environmental Protection Organization will be authorized to use up to a maximum of 50 percent of its revenue for the construction, repairs and outfitting of the above-stated parks.

51st Subjoinder

In order to achieve self-sufficiency and to enhance the level of research, hereby permission is granted to the research center for construction and housing, to receive an equivalent amount to its income from the sale of publication and provision of technical and laboratory services from the treasury and use the

the same solely to meet the costs of research without observing the restrictions of the public account law. It should be noted that a report on the proceedings of the revenues, expenditures and other pertinent operations should be forwarded to the Islamic Consultative Assembly every six months.

52nd Subjoinder

A- When necessary, the Ministry of Housing and Urban Development can transfer its personnel in charge of the development project to the housing organization and use the two and one-half percent of the credit allocations for the relevant projects which have been turned over by the Ministry of Housing and Urban Development to the housing organization as remuneration or compensation of the services.

B- As deemed necessary by the minister of housing and urban development the employees and personnel in charge of the development projects can be transferred to the housing organization according to the employment regulations of the latter organization with relevant status changes, as applicable.

C- The pertinent credit allocations for the current expenditures pertaining to the transfer of these employees will be deducted from the budget of the Ministry of Housing and Urban Development.

53rd Subjoinder

In order to help secure expenditures for the urban development projects consisting of planning, preparation and execution of development and expansion projects for urban areas, the Ministry of Housing and Urban Development is obligated within four months to provide the following services for the implementation of profitable economic ventures, which will be determined by the legal authorities as to the kind and location for each such project.

1- Prepare the complementary urban regulations which will be used to base the decisions for selection as to the kind and economic viability of certain projects, their suitability, the method for conforming to the applicants' request for construction according to the existing local building codes and have the same approved by the Supreme Council of Urban Development and Architecture.

2- It should also enact the executive regulations for the method of collection, computation and use of the relevant revenues for the execution of necessary projects with the cooperation of the Ministries of Interior, Plan and Budget and that of Economic Affairs and Finance and have these regulations approved by the cabinet.

54th Subjoinder

A- From the beginning of 1365, an equivalent sum of two per thousand will be added to the tariffs pertaining to the registration of documents as reflected in the paragraph "A" of subjoinder 90 of the state budget law of 1361 [21 March 1982 - 20 March 1983] and the said revenue will be deposited in the treasury.

B- Annually, a credit equivalent to the revenues from the execution of paragraph "A" [above] entitle "the Ministry of Education and Training--expansion of educational atmosphere" will be forecast in the bill.

C- Based on the description of operations which will be exchanged with the Ministry of Plan and Budget, the credit allocation of paragraph "B" will be assigned to the Ministry of Education and Training according to the general regulations for the purchase of land and property and expansion of the educational atmosphere.

55th Subjoinder

As of the beginning of 1365 the contents of the 50th subjoinder of the state budget of 1364 will be null and void.

56th Subjoinder

As of the beginning of 1365, the Ministry of Economic Affairs and Finance will be exempt from the restrictive contents of 63rd subjoinder of the state budget law of 1364 and thereby, the said ministry is granted permission, based on the approval by the cabinet, to take appropriate action in purchasing the necessary number of automobiles, annually.

58th Subjoinder

Hereby, permission is granted to the Urban Land Organization, in designating land to real or legal persons as of the beginning of 1365, in addition to the going price of the property in question and considering the contents of 46th subjoinder of the state budget law of 1364 and its relevant executive regulations, it should receive 75 percent of the property cost [according to the pertinent zone] as property tax or real estate tax and deposit the same in the public income account, directly.

1- As regards lands which do not enjoy a transactional price [according to the zonal value] the contents of the 78th article of the urban land law and other relevant regulations will be applicable.

2- The transformed or transmuted lands will not be subject to the tax levied on other properties as reflected in the above paragraph.

59th Subjoinder

As of the beginning of the year 1365 ten percent of the value of domestically manufactured automobiles [duties pertaining to the 62nd subjoinder of the state budget law of 1364] will be raised by 15 percent.

60th Subjoinder

As of the beginning of 1365, Iran Communications Company will be obligated to receive 100,000 rials as tax from each new telephone subscriber at the time of installation of the phone, in addition to the previous legal charges and deposit the same in the treasury.

12719

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IRAN

PRIME MINISTER SUBMITS BUDGET BILL TO MAJLIS

Tehran KEYHAN in Persian 1 Dec 85 pp 1-2

[Text] KEYHAN Political Service-- Today, at the opening session of the Islamic Consultative Assembly, which was presided over by the Hojjat ol-Eslam Akbar Hashemi Rafsanjani, Engineer Mir Hoseyn Musavi presented the budget bill of 725 billion tomans to the Majlis.

At the beginning of the session some of the deputies spoke as pre-agenda speakers, thereafter the prime minister while making pertinent statements presented the budget bill to the president of the Islamic Consultative Assembly. It should be noted here that since the text of the next year's budget bill has been published in KEYHAN's issue of November 28, herewith only the speech of the prime minister will appear as follows: In 1364 [21 March 1985 - 20 March 1986] the government was able to decrease the effects of the enemy's attack on oil export facilities to a certain extent, however the final result of those attacks and the unfavorable situation of the world oil market created some conditions whereby part of the anticipated revenues of the government were not realized. Another victory for the government during the year in question was its flexibility pertaining to the decrease of the level of revenues. The executive ability of the government in controlling expenditures and its capability for apportioning the relative level of expenditures with the revenues together with its control of the major indicators of the country's economy all bespeak of the good news that even with the lowest level of oil export we can run our country with the least harm and endure the hardest economic conditions.

The statistics and the figures by themselves reflect this capability and flexibility. While in the first seven months of the current year only 61 percent of 7/12 of the total oil revenues and 83 percent and 70 percent of 7/12 of tax revenues and other government incomes have been realized, with the control of its expenditures the government has been able to a great extent to strike a balance between expenditures and revenues. This flexibility is significant since the pressure which was brought to bear on reducing expenditures did not merely affect the development budgets but a certain share of this reduction belonged to the current budgets.

During the first session of the current year about 81 percent of 7/12 of the ratified budget was assigned for expenditure. As regards current expenditures, despite the fact that the war budget has been assigned more than 7/12 of the ratified budget's expenditures the above-stated figure shows 88 percent of 7/12

of the ratified budget. The government hopes to finish the year with 400 to 500 billion rials under the ratified budget limit and to resort to borrowing loans less frequently. Nevertheless, it should be noted that more pressure on reducing expenditures will have side effects on employment and production indicators, and furthermore with regard to the issue of borrowing of loans, whether in the current year or in the budget of the next year, we should keep in mind that although such a measure creates an inflationary situation, yet the budget reduction, particularly the development budget, with regard to creating an unusable production capacity in the society, will not only cause further inflation, but as a result of a lack of proper use of production capabilities the production cost will be increased and another form of inflation could be imposed on our society.

Other important economic achievement of the year 1364 is the government's success in bringing under control the rate of inflation. So much so that the price index of consumer goods and services during the first half of the current year in comparison to the similar period of a year ago has risen only 3.2 percent. It also should be noted that the aforementioned figures for the similar period of last year in comparison to the year 1362 [21 March 1983 - 20 March 1984] were 13.4 and 7.1 percent respectively. Of course, we should know that this success is the result of the long-term economic policies of the Majlis and the government and according to the nature of economics which sometimes takes a year or more to show the effects of some of the government's actions, we must consider this success as the product of the government's efforts in 1362 and the years before that. Another basic indicator which the government has been able to keep at an acceptable level, despite all the outside pressures and restrictions, is the balance of foreign payments of the country. During recent years, particularly during the past six months, the government has been able to moderate the balance of foreign payments despite the constant air raids on Kharg island and similarly maintain an acceptable level of foreign reserves and without borrowing any loans from foreigners it has been able to run the country.

No Foreign Debt

Here, if we only mention that the Islamic Republic has no foreign debt while Iraq has so far contracted over 40 billion dollars of debt, then we can better notice the success of the government. Furthermore, along with the inflation index and the balance of payments in order to complete the work record of the government, it would be very appropriate to investigate the government's struggle in the field of unemployment.

Of course we don't have reliable statistics on the level of unemployment in Iran, but what we can say, despite all the intense pressures which are being brought to bear on the economy of the country as a result of the war and reduction of the development budget, unemployment as a major social issue cannot receive the focus, however what is more important at the present time is the prevalence of artificial or spurious employment opportunities which should be dealt with fundamentally.

With the hope that in the coming year we will witness more successes in the economical and political areas, the government's proposed budget for the fiscal year 1365 [21 March 1986 - 20 March 1987], which has been prepared by making use of the experiences of the past five years and is based on the long studies and discussions of the responsible authorities and executive experts, is hereby presented to the Islamic Consultative Assembly.

In the enactment of the proposed budget more attention has been paid to thriftiness and avoidance of inflicting further harm to the economic fabric of the country. Our brothers who are going to read this bill more carefully will find out the truth for themselves. Moreover, we've tried to present new solutions proposed by the responsible executive officials in the form of budgetary notes or subjoinders in this bill which we hope will receive careful attention by the respectable deputies.

The budget bill which is presented today is based on the following fundamental axes:

Budget Axes

1. War - Under the special circumstances of the present time, the war must be considered as the most fundamental axis as regards all our activities in the economic, political and military arena. It is for this reason that in addition to increasing the defense budget of the country, the government has also provided other facilitating media through proper legislation for the defense of the nation. Furthermore, it has obligated the various governmental organizations to give priority to the needs of the battlefronts and as far as possible put the necessary equipment and possibilities at the disposal of the pertinent organs for the above-stated purpose.
2. People's Participation - Another characteristic of next year's budget is the matter of the people's participation which has been given a great value, especially participation of the people of each region in their development activities. In this regard, as the year before, part of the business taxes from each province have been designated for the development and reconstruction of the province in question and we are already witnessing new policies which were aimed at encouraging people's participation, to be forming in the budget bill of 1365. For instance, it is foreseen in the budget that when the people of a certain region secure 50 percent of the total expenditures of a development project, the government will be obligated to provide the other 50 percent. In certain cases this limit has been decreased to 30 percent.
3. Participation of the Banking System - Other very important measure in the 1365 budget bill is the active participation of the banking system in assisting to set up development plans. According to this plan, through the banking system's participation, 147 billion rials will be made available to the government for its development budget in the financial, technical and economic areas.

Moreover, the banking system plans to independently invest 82 billion rials in some of the development projects. Also designation of 229 billion rials from the banking system resources for the development plans is economically important for two reasons.

First, the banking system during the recent years has been faced with an overflow of resources. As a result of certain contractile policies of the government, such resources have become available to the banking system. This is all at a time when despite such overflow of resources, the government has been faced with a decrease in financial resources. When we consider the fact that a part of the development budget is spent on the production of essential or basic commodities, which tend to pay for themselves as far as the initial investment is concerned, then we clearly see that through investment of the banking system in similar projects not only will our surplus resources be put to use but also our development projects will not come to a halt and at the same time [with due regard to economic viability of the projects] the banks will not stand to lose. Second, when the government comes to a situation where it does not have sufficient resources to keep the development projects going, then it either has to bring such projects to a standstill, which economically such a measure could have unfavorable results, or it has to start borrowing money. In this case, since government's borrowings are secured from the resources of the central bank, it directly increases the volume of the money supply of the private sector. Furthermore, despite the fact that the budget for certain development projects has been provided through government borrowings, yet the executive system does not look at them in the proper light and some of the development plans stand to lose economic viability.

Whereas, the direct participation of the banks in the aforementioned development projects [which is effected through the available banking resources] does not directly cause an increase in the value of money supply, and moreover it casts a credit light upon the executive system, it necessitates the return of capital and as a result the economic management of such projects will increase.

4. Enhancement of the Existing Economic Management and Complete Use of the Available Capabilities - Another characteristic axis of the next year's budget is the utmost use of the existing possibilities in our society. It is for this reason that in the designation of development budgets, priority has been given to those projects which have not been totally completed. Furthermore, special facilitating measures have been considered in order to make it possible for unfinished or half-finished projects to be completed within the next two years. Likewise, the development projects of the first decade of the revolution are being looked upon with a long-term view so that they can be completed by 1367 [21 March 1988 - 20 March 1989]. With due regard to the inactive assets of the country, this long outlook can help reactivate the available possibilities of our society.

5. Simultaneous Presentation of the Foreign Exchange Budget - Another peculiarity of the 1365 budget bill is the simultaneous presentation of the annual

budget with the foreign exchange bill. This is the first year that such a measure is being undertaken and since more or less the production sectors are dependent on foreign currency, this measure creates the opportunity for correct planning.

In conclusion, a discussion about the enormous budget - The most important point which is recommended to be observed by the respectable deputies is the fact that in preparing the budget bill, the government has considered every possible reduction and thriftiness in current expenditures and there is no room for further cuts. Particularly, a major portion of these expenditures pertain to the salaries and benefits of the government employees who during the past few years have been serving the people with devotion and generosity. Similarly, with due regard to the fact that there is a wider possibility for production in the country than the equivalent amount of the budget expenditures which have been foreseen in the budget, and with a view to the fact that in the long run the disadvantages of non-utilization of those available possibilities can inflict more harm than a remedy and considering other negative repercussions of the development budget over the economy of the country, it is not advisable to further reduce development expenditures. As it was mentioned before, in the preparation of the 1365 budget bill the government has tried to weigh the results of over-thriftiness and that of protecting the country's economy versus undue or excessive austerity program and while taking into consideration all the side effects of the budget on the economy of the country, the government has requested a loan of 395 billion rials from the banking system and it is quite certain that no matter what, the decisions of the people's representatives in this regard will be based on the interests of the nation.

With regard to the generalities which were mentioned above, now I'll continue to explain more detailed characteristics of the 1365 budget bill with special peculiarities of all the revenues and expenditures and point out the noteworthy points of each section accordingly.

1. Revenues - The government's total revenues for 1365 has been estimated to be 3.228 trillion rials, which is about 6.6 percent less than the current year's ratified budget. The government's revenue figures are composed of oil 1.6 trillion rials, taxes and other incomes 528 billion rials. In estimating revenues, the following points are noteworthy.

A- The forecast of reduced government incomes is a result of less but more realistic revenue from the oil. For instance, in the ratified budget of the current year oil revenue had been foreseen to be about 1.867 trillion rials which in reality did not materialize. With proper consideration to the above fact the oil income for the next year has been estimated to be 1.6 trillion rials which is about 14.3 percent less than last year's figure.

B- Another important factor which ought to be taken into consideration in forecasting and estimating the revenues is the composition of the government's

various incomes which have attained a healthier prospect during the recent years and this matter is quite clear in the 1365 budget bill. In this bill the ratio of oil income to that of the other government's revenue, which was 53 percent in the current year's budget, has been reduced to 48.7 percent.

2. Expenditures - The total expenditures of the country for 1365 were estimated at 3.9 trillion rials which show a one percent growth in comparison to that of the current year's.

The most important points in next year's expenditures of the budget consist of the following:

A- With due consideration to the war issue which has top priority, the defense spendings of the country have been increased 12.5 percent. It should be noted here that even if a considerable share of the defense budget is spent on buttressing the country's industries defensive foundations, yet in the total defense budget there is no separation between the current and development expenditures and all such spendings will be reflected in the budget bill as current expenditures.

B- Another important point is the fact that not only all current expenditures, except war spendings, have been increased but on the contrary there has been a five billion rials reduction in those expenditures. Generally, during the last few years the government has made an effort not to increase the level of the current budget and such consideration is quite evident in the next year's budget.

C- One of the significant point of next year's budget which has been accomplished according to the 18th subjoinder of the budget law of 1364 is the time schedule of all the development projects for the duration of their execution. This is something which was accomplished during the current year. Namely, all the development budgets have been given a precise time schedule and the allocation of the development budget for 1365 has been based on this subjoinder and therefore such development projects enjoy a more logical approach than their predecessors. Following the same approach a large number of unfinished or half-finished projects will be completed in the coming year and become operational. This matter will help to strengthen the production base of the nation, furthermore with due regard to the upcoming 10th anniversary of the revolution all the key development projects for each particular branch have been determined and they've been given a time schedule under the title of "Revolution's first decade's projects" which we hope, God willing they will be finished by February 11, 1989 and become operational. In addition to the above-stated generalities, other sections of the expenditures in the budget bill of 1365 contain some noteworthy points which seem to be useful to point out at this juncture.

Industry Sector- Both during the current year and the next the government hopes to complete and put into operation a total of 30 development projects which are under various stages of execution. The first sector of these projects whose

execution will be completed in 1364 consist of 16 projects and among the most important of these one can name the creation of the prisoners' handicraft industries, the Gilan paper and lumber industries, expansion of Shiraz Petrochemical Complex and expansion of other heavy industries. The second sector, whose execution will be completed in 1365 and will become operational as of the beginning of 1366 [21 March 1987 - 20 March 1988] consists of 14 projects of which one can name some of the important ones such as the completion of fishery installations, the Lushan's 2000-ton cement factory, the expansion and completion of the Arak's Automobile Assembly Plant, the project for the creation of electronic industries, the Esfahan Chemical Industrial Complex, the completion of Esfahan's Steel Works' Navard-250 and finally the expansion and completion of the electromotor manufacturing plant [motor-zhen].

Agricultural Sector- In view of the direct contact of activities of this sector with over 50 percent of the country's population and its endeavor toward an independent and self-sufficient medium, it enjoys a special priority and significance. For this reason in the next year 92 projects under the following seven categories: water and soil, pastures and forests, agriculture, livestock and fowl, research of fisheries, mechanization and machine industries have been considered which indicates about 32 more projects in comparison to the current year's. One of the most important of these sub-categories is the water sector. In 1364 the second water channel of Kuhrang became operational and most certainly the Kardeh and Toroq dams will be completed in 1365. Moreover, in the sector of water distribution for the cities and the industries, in 1364 the Bandar Abbas and Bandar Imam Khomeyni water distribution projects were completed and other water distribution projects for Khomeyr, the island of Hormoz, Esfahan and Shahin Shahr are quite progressing well and we hope that they will soon be completed.

Higher Education Chapter - In the coming year the potential for higher education of 700,000 individuals will be considered. The expansion of the capacity of the higher education throughout the country has been selected in a more moderate fashion. It is predicted that in 1365 about 7,000 more students will be admitted to the universities in comparison to the number of current year's enrollments.

Health and Treatment Chapter - In this chapter the continuation of the expansion of the project of the network of health and treatment activities and also the expansion of the training hospitals, for the purpose of securing needed medical personnel, with a capacity of about 4,270 beds will be continued. Furthermore, proper measures will be taken to equip the urban health and treatment centers and expand and equip the medical training complex with 850 more beds. Other relevant activities with an emphasis on health over treatment have also been duly foreseen.

Social Security and Welfare Chapter - This sector will prepare for the relevant needs of the martyrs' families, the heroic warriors and the emigrants of the imposed war. Moreover, 350,000 elderlies, rural and tribal families will be covered by the Martyr Raja'i's project.

Mines Chapter - During the current and the coming year, in this sector the geological program and preliminary exploration of bauxite reserves and other aluminum silicate, kaolin and the relevant operations for the discovery of copper, manganese and nitrite together with a detailed exploratory program for putting these mines into operation has been duly foreseen. The most significant of the above-stated operations will be that of Gol Gohar's iron ore mines with a capacity of 2.5 million tons of iron ore.

Post and Communications Sector - In the sector of post, in addition to outfitting and putting into operation 128 urban and rural postal units and issuance of operation permits for 164 new post office branches for the rural areas which will become active by the end of the current year, in the coming year construction of 63 urban post office branches and 61 rural ones will be completed. Moreover, 100 new postal units and 6,000 post office boxes will be added to the existing number of postal boxes throughout the country.

In the communications sector, in addition to the installation of 100,000 new telephones which will be carried out in the urban areas throughout the country, it is also anticipated that in 1365 about 50,000 new urban telephone lines will become operative and furthermore, the long-distance communications network for city-to-city and city-to-rural areas will be expanded. In a similar fashion, the international telecommunications system of our country will be expanded too. The interesting point in the communications sector is that all the development expenditures of this sector will be paid for from the company's available resources.

Arts and Culture Chapter - In this chapter, the study, repair and restoration of historical, cultural and scientific buildings and expansion of the tourists' facilities, creation of inns, development and expansion of the IRNA and the Voice and Vision [radio and television], use of more powerful transmitters, creation and completion of more sports facilities have been foreseen.

12719

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IRAN

TRADE VOLUME WITH TURKEY REACHES 3 BILLION DOLLARS

Tehran KEYHAN in Persian 1 Jan 86 p 2

[Text] Economic Service--Following the visit of Turkey's economic delegation in Iran and continued discussions between the two countries, yesterday afternoon, a protocol of economic cooperations between Iran and Turkey was signed by Mustafa Tinaz Titiz, minister of state for economic affairs of Turkey and Engineer Behzad Nabavi, Iran's minister of heavy industries.

The new protocol of technical-economic cooperations between Iran and Turkey contains new points in areas of technical cooperation, transportation links and increase in non-oil exports of Iran to Turkey.

The economic correspondent of KEYHAN, after talking with Mustafa Tinaz Titiz and Engineer Behzad Nabavi, notes that the level of Turkey's export and import from Iran will be around three billion dollars. Besides this, the two countries have foreseen extended technical cooperations in the framework of the new protocol which have been the reason for the start of a new phase in the bilateral relations after the victory of the Islamic Revolution.

Non-oil exports of Iran to Turkey in the new protocol will be a significant figure. This, compared to the year 1357 [21 March 1978-20 March 1979] which was 500,000 dollars, will reach 75 million dollars in 1365 [21 March 1986-20 March 1987]

Conversation With Mustafa Titiz

Mustafa Tinaz Titiz, Turkey's minister of state for economic affairs, in a conversation with KEYHAN's economic correspondent, before signing the new protocol said: "Every year economic delegations from the two countries meet in Tehran or Ankara and discuss matters related to cooperation in the area of trade. In this year's talks, while studying the process of implementing last year's economic protocol between the two countries, a new protocol was prepared for 1986."

In response to the question of what areas are covered by the new protocol, he replied: "In this protocol, some decisions have been made in regards to rules governing the letters of understanding and new ways for effective implementation of points of interest to each side. Meanwhile, barriers and difficulties such as transportation issues have been addressed in the new protocol."

"The next item was the issue of buying iron and steel from Iran. This issue was the subject of extensive discussions and in conjunction with this, new regulations for the purchase of oil during 1986 were considered. The issue of interest to us was that when Turkey's exports to Iran increase, the present amount of oil will not be adequate. For this reason, we would like to import other goods from your country and with regards to this, we further studied the Iranian industry and realized that we can import our needed goods this way."

With additional regards to important issues of the economic protocol of 1986, he also said: "Joint engineering and construction projects were followed-up while seeking to participate in the implementation of reconstruction and installations projects of Iran."

He noted, "that the previous year's level of export-import was around 2.3 billion dollars and next year this figure will exceed 3 billion dollars. This is the first time in the history of economic relations between the two countries that we will reach such figures."

In reference to the reason for delay in the return of the Turkish economic delegation, he said: "We were supposed to depart for Turkey yesterday at 11:00 a.m., but the radar installation of an Iranian airbase declared that the Iraqi warplanes have cut off the air link and forced the return of our plane coming to pick up the economic delegation. Anyway, I think during tonight or by tomorrow, through the efforts of officials of the Islamic Republic, the return of the delegation to Turkey will be made possible."

Mustafa Tinaz, in response to our correspondent's question about the reason behind such an act by the Baathist regime's warplanes said: "So far, I have no knowledge of the details of this problem."

About the non-oil exports of Iran to his country, Turkey's minister of state for economic affairs said: "These items include wool, lead, tin, thread, pistachio, caviar, leather, skins, and others which will have their exports reach a level three times the levels in the past."

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IRAN

BRIEFS

ELECTRONIC EQUIPMENT SALE--A French company, "Enertic," has received an order from the Voice and Vision Organization of the Islamic Republic of Iran for the supply of a number of radio-television equipment items. The value of the order is estimated at Fr47 million. Apparently it is the first time in the past 3 years that the Islamic Republic of Iran has signed a trade agreement with a French company. According to the terms of the agreement the "Enertic" industrial company will supply voice recording tapes and some other electronic equipment to the Voice and Vision Organization of the Islamic Republic of Iran. Payment is to be made according to a letter of credit opened last January by the Central Bank of Iran. The French "Enertic" company used to supply to the radio-television organization of Iran with technical and electronic equipment before the revolution. Relations between Iran and France cooled down after France supplied Iraq with a number of super Etendard aircraft. Except for the participation of France in some industrial and construction projects like the Tabriz power station and Reno assembly plants, there have been no commercial exchanges between Iran and French companies during the past 3 years. [Text] [London KEYHAN in Persian 20 Feb 86 p 8 GF] /12232

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PAKISTAN

U.S. AMBASSADOR INTERVIEWED

GF051711 Lahore JANG in Urdu 3 Mar 86 pp 1, 8

["Exclusive" interview with the U.S. Ambassador to Pakistan Mr Deane Roesch Hinton by JANG panel members Mir Shakil-ur-Rehman, Irshad Ahmad Haqqani, Professor Waris Mir, and Zia Shahid, in Lahore--date not given]

[Text] Lahore (Special Report)--In an exclusive meeting with JANG panel members the other day the American ambassador expressed his views on several points. Responding to several questions on recent talks between American officials and Pakistani Minister of Finance Mian Yasin Wattoo, he stated that to expect aid of \$6.5 billion, as do Pakistani circles, was nowhere near realism. He said: Public pressure on elected officials is growing in our country to pay more attention to domestic problems than to foreign aid. He added. Talks are still going on and nothing can be said beforehand. In any case, keeping in mind the importance of Pakistan's special circumstances, efforts will be made to raise the aid figure to the maximum possible. Moreover, this time the U.S. effort will be to pay more attention to the quality of the aid than to quantity. In other words, there should be lower interest terms and more facilities.

Responding to another question, he said that he has encouraging news from his own sources.

Responding to a question that according to a statement by Minister of Finance Mr Wattoo, American officials had objected to the amount of total aid package of \$6.5 billion claimed by Federal Minister of Planning Dr Mahbubul Haq, the American ambassador said: I know nothing about it, but the U.S. Government would never protest such a statement.

Responding to another question, the U.S. ambassador said: Mr Gorbachev, the Soviet leader, has declared 1986 as the year to solve the Afghanistan problem. It is now incumbent upon him of his forces. In any case, the facts are just the opposite. The Soviet Union is bringing in additional forces and arms into Afghanistan. Probably they want to solve the issue by force of arms. He added: It is quite possible that both actions may run parallel to each other because I have no information on the intent of the Soviet Politburo. No one in the Western world has seen the timetable for the withdrawal of Soviet forces, neither has it been seen by anyone at the United Nations He

further stated that even Mr Cordovez had not seen the timetable. Since he will be visiting Pakistan soon, he should be given the timetable if anyone has it.

When asked if it is true that the United States has assured the Soviet Union through Mr Cordovez that foreign intervention would cease, the U.S. ambassador said: Yes, it is true, but the condition was that the Soviet Union would announce the timetable for the withdrawal of its forces. Explaining the matter of foreign intervention he said: The very presence of the Soviet forces in Afghanistan is in itself proof of foreign intervention.

Responding to another question, he said: It is not true that the United States supports the mujahidin who fight against Afghanistan, but oppose the Palestinian mujahidin who fight against Israel. The conditions and circumstances in the two places are different. In Afghanistan the mujahidin are battling against the foreign occupation of their homeland, while the Palestinians indulge in acts of terrorism in Rome and Vienna. Moreover, they also commit acts of terrorism against those who have nothing to do with their enemy, Israel.

While discussing the U.S. veto in the Security Council on the question of Palestine and the hijacking of aircraft, he said: The United States had vetoed the resolution which had condemned the State of Israel, while in the past it supported the resolution which condemned Israel for desecrating the holy places. He said: It is but natural for Pakistanis to have a feeling of sympathy for the Palestinians, because there is a majority of Muslims in Pakistan. He added: The principle of U.S. policy has not been correctly understood here or in any other Islamic country. We are against international terrorism and we support the existence and stability of Israel within its internationally recognized borders.

Justifying the U.S. action in hijacking the Egyptian plane, he said: This step was taken because there was a well-known terrorist travelling in that aircraft who had killed a 60-year-old American passenger in a wheelchair. As far as the hijacking of the Libyan aircraft is concerned, the United States had no hand in it. He claimed that the U.S. policy was to stop international terrorism.

Responding to another question, he said: It is true that the United States has given refuge to former Philippines President Marcos, and has received him in an honorable way, but the fact remains that the United States accepted the decision of the people of that country and has expressed its pleasure in the coming into power of a new government after the election rigging. He said: Throughout the world, it was only the Soviet ambassador who congratulated Marcos, despite the rigging of the elections.

Responding to a question on giving refuge to the late shah of Iran he said: The question of the former Philippine president and the shah of Iran are different. We had given refuge to the shah of Iran also, but the question had to be reviewed in view of the problem of the hostages and the ensuing demonstrations.

He denied that the United States is trying to influence every aspect of life in Pakistan. He added that even to think it would be an insult to Pakistan and the people of Pakistan. He said: However, we do hold talks at the diplomatic level and sometimes offer suggestions, but it is the people and the government of Pakistan who finally decide what is to be done. Surely, they would do what is in their own interest. He said: This diplomacy succeeds, but sometimes it fails as well. Responding to another question, he said: We do not twist anyone's arm and whatever we do is always through diplomatic channels. Then in a humorous mood he asked: Do I twist the arm of Sahabzada Yaqub Khan or that of Prime Minister Junejo?

He said it is wrong to say that Dr Mahbubul Haq was taken into the Cabinet for his intervention in the matter with Prime Minister Junejo.

He said: Certainly we have our doubts about Pakistan's nuclear program, because we think that Pakistan should sign the agreement which would place Pakistan nuclear installations under the supervision of the International Atomic Agency, particularly when Pakistan claims that its nuclear program is for peaceful purposes. He said: Pakistan should not link this question with India's refusal to sign the agreement. These are two separate matters. If Pakistan wants the nuclear technology for its peaceful projects, then by signing the agreement more facilities would come its way through the cooperation of the world community.

In addition to nuclear energy, there is also the big problem of the Middle East. In this connection, he said: The U.S. point of view is not properly understood in Islamic countries. He said: These two problems are such that you may try to work out a solution for one and we may think over the other. In this way some solution may present itself. He added: In spite of all of this, U.S. aid has been pouring into Pakistan in one form or another. For example, even during the way of 1965 the P.L. 480 aid did not stop.

Responding to another question, he said: The economic aid to Pakistan did not depend on the Afghanistan question or friendship with India, but if these two questions were resolved, Pakistan would be in a better position to utilize its own resources in the field of economics.

Responding to a question on the return to Pakistan of Miss Benazir Bhutto, the U.S. ambassador said: I would not like to say anything on the matter. In your country we do not act on the policy of "pick and choose". On the whole we are happy that martial law has been lifted. Civil courts have replaced military courts, political freedom has been restored, and in this atmosphere it is easy for us to strengthen our relations on solid foundations. He said: Naturally, we are close to democratic societies, but the difficulty is if there is a country under military dictatorship, we cannot help holding talks with it.

Responding to another question, he said: The recent elections in Pakistan were just and fair, but they cannot be compared to the conditions in Nicaragua, because although the elections were on nonparty bases, no one was

deprived of participating in the elections even though he may have been a member of some party. There was no rigging in the elections and a large number of persons turned out to vote. He said: There is no doubt that such just and fair elections in which all of the political leaders are in agreement, would produce much better results.

Responding to different questions on India-Pakistan relations, the U.S. ambassador said: Good relations are in the interest of both countries and statements issued here and there under local political pressure should not be given any importance.

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